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THIS WEEK IN BUSINESS

GENERAL

Not too late for Smith—Ennals

EEC Foreign and Finance Ministers will hold a joint session in Luxembourg for the first time today to try to agree on priorities for next year's budget.

Britain and West Germany see the exercise as a prelude to a determination to keep tighter control on EEC spending and ensure that it is politically justified. Back Page

BRITISH STEEL Corporation will receive a £1m. loan from the EEC to help finance blast furnace development at Port Talbot, South Wales. This brings total loans approved for the industry since Britain joined the EEC to nearly £400m. Page 4

LEYLAND car production is expected to be back to normal by mid-week now that strike troubles have eased. Toolroom workers at its SU Carburetor subsidiary went back at the weekend. But 70 toolroom men are still on strike at the Dorees Lane suspension plant. Back Page

Mr. Denis Healey, Chancellor of the Exchequer, will put the finishing touches to his Budget to-day safe in the knowledge that the main trade union leaders are gradually coming round to his way of thinking on what should replace the £6 pay policy expiring at the end of July.

Detailed discussion on the next wages policy will take place after the Budget but it is clear from the influence of Mr. Harry Urwin, deputy TGWU general secretary and a member of the National Enterprise Board. Two weeks ago Mr. Urwin called for a more flexible second stage to allow companies like British Leyland to continue with long-term wage restructuring processes.

He was clearly aware of the immense industrial problems that were building up for Leyland at that time. These have now subsided and although none of the strikes has been successful in breaching the present pay policy, the disputes have helped to focus attention on the need for greater flexibility next time.

In a keynote speech at the opening of the union's new Midlands offices, Mr. Jones spoke of the need for "some flexibility" in the next phase of pay policy.

"In any policy for next year it would seem essential to maintain an element of flat rate increase to ensure social justice, but to maintain the necessary unity it seems there is now a need for some flexibility in the policy."

He told TGWU officials representing many of the thousands of Midlands car workers made idle last week by pay disputes attributable, at least in part, to the rigidities of the existing pay policy. Provision should be made for a margin to allow for improvements in productivity and some movement of differential payments against proper evaluation of work performed.

SHIPPING INDUSTRY leaders have told the Government that the gap between shipbuilding prices in the U.K. and abroad must be closed before a steady flow of orders is likely. Back Page

CONCORDE's global flight network will expand on Friday when Air France starts a weekly Concorde service via the Azores. Page 4

ENGINEERING EDUCATION courses in the U.K. concentrate much on research at the expense of design, according to a Design Council booklet. Page 4

CBI hopes for export boost

CBI BELIEVES that a potentially sustainable export-led recovery is underway. Its latest economic assessment contrasts with the recent gloomy predictions of the Cambridge group. Back Page

TRADE UNIONS should have the right to decide company by company whether to take half the seats on supervisory Boards, says the TUC in supplementary evidence to the Bullock committee on worker participation. Page 9

A CRIBE has been offered at some time to one in five of the 150 U.K. managing directors who took part in a survey by the magazine Business Administration. One in five also claims to have lost business through bribery by competitors.

CREDITORS, including U.K. Government representatives, will meet in St. John's Newfoundland today to discuss what they can do with their investment in the oil refinery at Come By Chance, which is in receivership. The U.K. Government guaranteed British bank loans of about \$55m. (£35m.) and is responsible for a \$100m. (£50m.) mortgage.

COMPANIES

AMEX BANK, London-based subsidiary of American Express, has taken a 30 per cent shareholding in the Edinburgh investment management company, Ivory and Sons. Back Page

MR. JIMMY GOLDSTEIN, racing chairman of Slater Walker Services, hopes to give up his position as soon as possible. Reports that he would leave within three months were described yesterday as "quango."

A PERMANENT SUCCESSOR has not yet been found.

CHARLES CLIFFORD Industries, recently the subject of a bid approach, reported a turnaround from a 1974 loss of £184,000 to a taxable profit of £255,000 last year. Page 28

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Jones backs call for more flexible incomes policy

BY ROY ROGERS, LABOUR CORRESPONDENT

Mr. Denis Healey, Chancellor of the Exchequer, will put the finishing touches to his Budget to-day safe in the knowledge that the main trade union leaders are gradually coming round to his way of thinking on what should replace the £6 pay policy expiring at the end of July.

This significant change in the government's pay policy may have resulted in part from the influence of Mr. Harry Urwin, deputy TGWU general secretary and a member of the National Enterprise Board. Two weeks ago Mr. Urwin called for a more flexible second stage to allow companies like British Leyland to continue with long-term wage restructuring processes.

The most significant indicator of changing union attitudes came at the weekend from Mr. Jack Jones, general secretary of the Transport and General Workers Union, architect of the £6 flat rate and, until Saturday a proponent of a further period of flat rates.

In a keynote speech at the opening of the union's new Midlands offices, Mr. Jones spoke of the need for "some flexibility" in the next phase of pay policy.

"In any policy for next year it would seem essential to maintain an element of flat rate increase to ensure social justice, but to maintain the necessary unity it seems there is now a need for some flexibility in the policy."

Similar calls for flexibility have come from Mr. David Bassett, general secretary of the General and Municipal Workers' Union, and from Lord Allen, general secretary of the Union of Shop, Distributive and Allied Workers and chairman of the TUC economic committee.

In his union journal published last week, Lord Allen writes of the "strong case for acknowledging the need for restoration of the rigidity of the existing pay policy. Provision should be made for a margin to allow for improvements in productivity and some movement of differential payments against proper evaluation of work performed."

Mr. Urwin's proposal for a monthly moving average of the number of hours worked by each employee will probably argue for percentage increases.

Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, Britain's second largest union, declared last week that if there was no alternative to a second stage of pay restraint his union would probably argue for percentage increases.

The precise policy of the AUEW and several other big unions will be decided at annual delegate conferences, some of which take place before the special TUC conference being arranged for June, which will be asked to endorse whatever pay rises finally emerge from the general council.

Union leaders will be looking to tomorrow's Budget to help create the right atmosphere in which to persuade their members to agree to another year of voluntary pay restraint. They have asked Chancellor to initiate a programme of cuts in public sector growth by injecting £1.9bn. into the economy and introduce selective import controls, higher pensions and tax concessions for the lower paid.

Another TUC demand is that Mr. Healey should set a target of reducing unemployment levels to 600,000 by 1978.

Mr. Len Murray, TUC general secretary, commented at the weekend that the TUC was looking for a realistic Budget, one that recognised the harsh realities of the economic situation, but did not hamper the TUC in its task of maintaining trade union support for a realistic and fairer pay policy on a 12-month basis only.

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The Patent men's case and EEC: deep water ahead

BY JUSTINIAN

THERE HAVE been periods in countries and includes masters of ships applying for our island history disfigured by visions for allowing the nationals of the member-states (and for acute xenophobia. But contempt of others) to practice before the European Patent Office in that they are not British subjects. The Race Relations Act of 1968 specifically outlaws patents). There is, moreover, and that they are entirely discriminatory practices on the no statutory restriction in this patent to pilot their ships into grounds of a person's national country on the nationality of British waters, they are declined to pilot a port authority. The relevant port authorities are just as likely to discriminate on the grounds of nationality, handle sensitive material as no doubt aware that dotted their patent agent employers around the statute book, there Thus there could be no exception provisions that disadvantage the alien both at the gate and in our midst.

A recent ruling by the Comptroller of the Patent Office has, however, brought home forcibly that one of the consequences of our membership of the EEC is that those nationals of Common Market countries seeking employment in this country cannot be debarred from their chosen occupation because Parliament has provided that only British subjects may qualify. Statutory rules made in 1964 under the Patent Act provide that the territory of another to the exercise of a professional service. And to exercise the profession of a U.K. patent agent it is necessary to be on the Register; a prerequisite to registration is passing the pilotage activities within that person who cannot establish that he is a British subject or a fessional examination. So to deny the right to sit the examination would be to deny the right of establishment and thus infringe the provisions of the Rome treaty.

There is not exactly a queue of Western European nationals eager to sit the examinations of the Chartered Institute of Patent Agents, so that the ruling should not cause undue disturbance among the profession of patent agents. But the principle established by the ruling is of considerable importance and may have a direct impact upon other areas of administrative and legislative control that have a wider masters of ships who are nationals of EEC countries to qualify for pilotage certificates. And then another breach in the chauvinism of U.K. legislation will have been made.

Hawg v. Comptroller, February 21, 1973, a report of which will appear in the May issue of the Common Market Law Reports.

Nationality restrictions in relation to patent agents were first introduced in 1919, because it was then thought that the profession of patent agents offered special opportunities for obtaining information of a secret kind that might adversely affect national security. Whatever justification there might be for such a policy consideration in the 1970s, the European Community law has effectively ruled out such considerations of state security as a ground for discrimination.

Quite apart from the Treaty of Rome, the U.K. has signed the European Patent Convention which is dominated by the EEC for example, Dutch or French

Security

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Forbidden

Article 7 of the Treaty of Rome prohibits discrimination on the grounds of nationality in implementing the economic union of the member-states. Furthermore, Article 52 extends the right of establishment on the national of one member-state in the territory of another to the exercise of a professional service. And to exercise the profession of a U.K. patent agent it is necessary to be on the Register; a prerequisite to registration is passing the pilotage activities within that

Certificates

Are the masters of ships who sit pilotage certificates providing, however, a service for their employers so as to attract nevertheless the freedom of movement allowed generally to workers? The fact that workers are engaged in the transport services does not take them out of the provisions protecting workers coming here to work free of any prohibition on the ground of nationality. So it seems that the port authorities in this country will have to follow the example of the patent agents' authorities, by admitting masters of ships who are

nationals of EEC countries to qualify for pilotage certificates. And then another breach in the chauvinism of U.K. legislation will have been made.

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RACING BY DOMINIC WIGAN

Red Rum to try for National again

RED RUM, who was cheered on by the vast majority in the 50,000-strong Aintree crowd and millions of television viewers, and almost succeeded in landing a third Grand National on Saturday, will be back at Liverpool in a year's time.

Daniel McCullin's extraordinary 11-year-old, the winner in 1973 and 1974, second in 1975 and again runner-up this time, produced his best performance of the season on Saturday when just failing to give Rag Trade 12 pound. It is no surprise that McCullin is looking forward to another tilt at the prize.

Red Rum, who must now surely rank as the greatest-ever "chaser over the 4½ miles National course and its 30 fences, is expected to go next for the Whitbread Gold Cup at Sandown in three weeks' time. A second possible target for Mr. Noel Le Mare, Quartermaster (the Irish Distillers' Grand National at Fairyhouse), shall be surprised if his connections decide to send him to Ireland, where the 3½-mile trip is unlikely to bring out the best in him.

Rag Trade, whose victory was owned primarily to those four invaluable commodities here, gameness, stamina, jumping ability and luck in running, is another who could grab the Irish Grand National in which Prision (brought down when going well at Becher's second time round) is a likely starter.

Owned, as was the 1963 winner, Aysa, by Mr. "Teasy-Weasy" Raymond, Rag Trade is trained by Fred Rimell, the only man this century to have turned out four National winners. Rimell, who rode a good many winners for Mr. Raymond in the 1960s, had previously landed the National for which there was a record first prize this year of £10,000 (US\$21,000).

Nicolaus Silver (1961) and Gay Trip (1970).

Soft ground at The Curragh having caused Vincent O'Brien to re-route Malinowski to Newmarket for Tuesday's Ladbrooke Stakes, a fascinating race in prospect for this classic trial which seems sure to shed some light on the 2,000 Guineas in just over three weeks' time.

Malinowski, a 9-2 third for the 2,000 Guineas, will meet Dick Hern's highly rated Buckpasser colt, Over You, in the Craven, in addition to the Observer Gold Cup winner Take Your Place and the Finsdon-trained Whitefield.

Sir Gordon Richards told me at Ascot on Saturday that Rag Trade would wait until after the Joe Mercer would wait until after the Joe

SOCCER

Two wingers for Wemb

BY TREVOR BAILEY

THE EAGERLY awaited meeting with United's pace and skill quality moves with Hillsborough between two of causing Derby many problems, down the left-wing, the finest four teams in the They might have scored in the lead to a goal from country, and arguably the best third minute when Coppell centre. Rather ironically, failed to convert from close in, Manchester United and played splendidly, Derby County, failed to live up after a corner had been back-headed. It was no surprise when goal disallowed, was to take the lead with a per deliberate handling errors, they took the lead from the edge of worse offender, made some dubious counter-attack which, with Todd Pearson, did not prepared.

Once again, semi-finalists turned what should have been a major footballing feast into just another match, with an especially second half containing more foul than fair.

The young Manchester side thoroughly deserved their 2-0 and Powell's distribution erratic win, even if they were below their true form for about 10 minutes after that setback. There were some pleasing moves which

for Derby supporters was not only the completeness of the defeat and the fact that their side can seldom have played so differently, but that they also lost

meanly and committed a high number of unpleasant fouls.

The referee, Mr. Jack Taylor, like most of their players, also had an off-day. He ignored a whole series of dubious tackles, which inevitably led to retaliation in the closing stages.

The game started promisingly, Lee's first kick crippled United left-back Houston, who later

recovered with interest, but his

pell-mell action at W.

Lee's first kick crippled United left-back Houston, who later recovered with interest, but his

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Although James was ineffective, Hill eventually is certain by scoring 1-0 after Coppell tripped. Long before had run out of the game had been just before the wh

Although sorry for who was again delighted that United had reached

Final. Quite apart

artistry and character displayed on their

will be a tonic

genuine winners—W.

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HOME NEWS

Community approves new £7m. loan for BSC

BY RHYD DAVID

A FURTHER £7m. loan is to be also approved by the EEC towards the British Steel Corporation's investment programme, bringing total loans approved for the industry since Britain joined the Community to nearly £400m.

The latest loan, which was disclosed in Brussels at the weekend, will help finance blast furnace development at the BSC's Port Talbot works in South Wales. It comes just over a week after the announcement of a £150m. loan towards the cost of the corporation's major investment programme at Redcar and South Teesside—the biggest loan ever made by the Community under the European Coal and Steel Community treaty.

The European Commission has

schemes, and the National Coal Board £20m.

Other loans at favourable rates of interest include £20m. towards the cost of a steel mini-mill

which GKN is building in

Cardiff, and £17.5m. from the

European Investment Bank to

help the Post Office extend the

telecommunications network in

Wales and the surrounding area.

Smaller sums have been

advanced under the EEC

Regional Development Fund

towards the cost of the advanced

factory programme and towards

local authority infrastructure

schemes.

The £400m. total of loans

which the BSC has now raised

under the EEC treaty, together

with the £60m. which it has

also been granted by the

European Investment Bank

represent more than a quarter

of the corporation's total outside

indebtess, second only to

public dividend capital from the

UK Treasury, which is now

being restricted.

Meanwhile, with demand for

steel showing signs of improv-

ing as customers begin restock-

ing, the corporation has run into

labour shortages in Sheffield, one

of its most important specialised

product centres. As a result

there is an increase in orders for

stainless steel sheet, demand for

which is thought to have

risen recently by as much as 15

per cent. The BSC is short of

around 300 workers, and could

require a further 300 over the

next two years.

The corporation says the order

book has accelerated out of rea-

soning faster than its

attempt to recruit workers from

other parts of the Sheffield divi-

sion, which is expected to lose

about 2,300 jobs under the plan

to reduce BSC manning by

25,000 over the next two years.

• Britain has received £950m.

in loans and grants from the

EEC, according to Mr. George

Thomson, U.K. Commissioner for

Regional Policy. This is more

than the U.K. contributions to

EEC funds.

Transport document next week

By Our Industrial Staff

THE GOVERNMENT consultative document on transport is expected to be published in the middle of next week. It is to be followed by a White Paper,

likely to appear this summer.

The fact that a White Paper is to soon follow the consulta-

tive document suggests that in the consultative paper the Government may cover a broad range of options.

Recently there have been various discussions on such matters as freight, trade forecasting, the rural transport situation and the question of the extent of the rail system.

Mr. Kaufman is anxious to see the Bill become law as soon as possible, because he sees

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What to buy if you don't buy a Leyland car.



A length of stout towing rope.



A complete set of do-it-yourself repair manuals.



Thick blankets to keep Granny warm while you attempt to repair car.



Toys to entertain kids while you search for help.



For you and your wife.



Cash to pay taxis, garages, hotels, bribes and other sundries.



Transporter to bring car home.



Tissues for your hands and wife's tears.

When you buy a Leyland car, you get all the benefits of Supercover for one year absolutely free.

1. You get 24 hour on-the-spot roadside assistance from the AA.

2. And if they can't fix it on the spot, they'll transport you, your car and your family free, to wherever you were going in the UK mainland.

3. No matter how many miles you do, your free parts and labour warranty will cover you for a full year.

4. This cover can be extended with unlimited mileage (under the Owners Service Statement) for a second year at low cost (excluding wearing parts).

5. When you buy a Leyland car, you get a signed declaration from the dealer, saying that he has carried out a thorough 69 point check-out before you drive away.

Supercover is the greatest back-up service ever offered by any British car manufacturer.

It's one more reason for choosing

from the superb Leyland range of cars.

At Leyland, we care as much about our customers as we care about our cars.

Ask your dealer.

Leyland Cars



SUPERCOVER

Even if you never need it, it's good to know you've got it

Audio-visual aids can help management-employee communications. Roy Levine reports

The message goes on screen

OVER THE past few years, many managers have recognised the need to communicate more effectively with employees.

The tapes a company can use—slides may be, to alleviate nervousness about employment prospects, or explain significant changes in legislation, or to policy its employees to show that they are aware of the 252 stores. Each store has its own cinema, projector, and library of slide shows. These include an explanation of the annual financial results, dealing with customers, policy on energy conservation and quality control, and employee options

The drawback, though, is that reports and newspapers are discretionary reading. If management wants to make sure that a message has been understood, a more explicit exercise may be needed.

For this reason, companies are beginning to use techniques long used for training—such as tape cassettes, slides or films—to reach all their employees with a specific message. Small groups of staff are given a special presentation after which they can ask questions.

In one case—Gestetner—the company newspaper was regarded as too impersonal to breach the widening gap between the London head office of the U.K. sales organisation and its 50 regional offices. So it experimented with tape cassettes.

Each month, Mr. Denis Lowry, the general manager, records a tape giving his comments on the previous month's sales figures, what he expects for the current month and which products he thinks ought to be selling well. He also adds general comments about the company's markets and the economy and then introduces a light note about some company personalities. This is followed by social notes on staff by the training manager, including birthdays and engagements, interspersed with music.

The tape lasts between 30 minutes and an hour and is played at the monthly staff meetings. Any comments are reported to Mr. Lowry by branch managers.

The company has its own recording equipment costing £500 to prepare the master tape and about 50 tape recorders costing £10 each. Copies of tapes are made by an outside record-

The slide presentation (consisting of graphs showing examples of pension benefits on retirement, pictures and cartoons) together with the recorded commentary cost about £2,000 and was made by the company.

A dozen personnel managers were selected from around the U.K. and given a 1½ day course on the changes in the pension scheme, so that they were equipped to answer employees' questions.

Before the show was put on the road, the chairman wrote a communication. Mr. Eddie

offices have these. But the films sales manager gave market research figures explaining the U.S. (for new products or a corporate message) or they are added that staff concerned would have their jobs enlarged by being given more interesting international fares to handle.

The 10-minute film ran continuously on VTR cassette players in reservation offices so that employees could watch it in one of the back rooms when they were not busy during office hours.

British Airways does not use films throughout its organisation because its 55,000 employees are too widely scattered and their working conditions vary too much from clerks to night mechanics or air crew. But films have been widely used in its 55 sales shops to keep staff up to date, including developments on Concorde and new outlets.

The travel division spent £20,000 setting up a film studio and a similar amount on 21 cassette players. By rotating the players between branches, staff interest is maintained—if employees could watch films every day the novelty might wear off.

The effectiveness of films has been confirmed in staff surveys which show employees retain 90 per cent of facts communicated against only 70 per cent when written bulletins were read.

Films are being used to communicate with employees not only in offices but also on the shop floor. When Alcan Booth Sheet discovered earlier this year that large amounts of scrap was being wasted at its foundry in Kitton Green, near Birmingham, it made a film on the premises with hired equipment costing £300, which shows how to avoid mixing incompatible scrap materials needed for recycling.

The film also shows the materials and time wasted when the wrong mixtures are made. The 900 factory workers see the film in small groups in the canteen during company time. So far, it is too early to assess results, say the company.

Last year, the Alcan Group showed all its employees a film about changes in its pension scheme. According to the company, employees saw the effort as the first time management had done something in their interest.

Another way of speaking to staff is by relaying information and social news over the company telephone line. British Steel Corporation has installed telephone answering and recording equipment costing only £5 a week at some of its plants. At Llanwern, for example, its 9,500 employees make over 2,000 calls a day from phones placed on the shop floor, canteen and offices. News is given about production levels, the world steel industry and the club's sports events.



Mr. Eric Engledew (right), general manager for sales and service, British Airways Travel Division, being interviewed by a staff member on policy for new sales shops. The interview will be seen on film by all employees in the Division.

letter to each member of the Nixon, the managing director, pension fund explaining the gist gives a quarterly résumé of how of the pension changes and the U.K. company is doing and advising that everyone would how he sees the economy and have the chance to ask questions. Market developing—much the same message as Mr. Lowry presents.

The show was seen by the recorders. bulk of staff in 300 of the There are also films on health regional offices and pubs and safety at work and induction within three months of its procedures but the most launch in early 1975. But if effective exercise has been on took another six months before IBM's package of employee staff in some of the remoter benefits. Last year management pubs were able to see the slides.

Scots and Newcastle chose condition and pay restrictions, staff slides because it is cheaper were beginning to feel that when this came. The basic equipment reorganization at IBM was losing pension. But from the end of 1974 it decided that any increased benefits under the State scheme would be met with a reduction in benefits at retirement age under the company's own scheme.

IBM chose film rather than (unnamed) organisations. slides and spent ten times as much on its equipment. This Travel to reassure its staff consists of video recorders and that the introduction of the players and monitors. A video shuttle service to Scotland, when monitor enables a cassette passengers bought their tickets made on the Continent or on the aircraft would not mean U.S. to be played on U.K. TV fewer staff at reservation desks screens and, most of its 35 U.K. In a recorded interview, the

sales manager gave market research figures explaining the U.S. (for new products or a corporate message) or they are added that staff concerned would have their jobs enlarged by being given more interesting international fares to handle.

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The pay gap widens in professions

THE EXTENT to which some salary levels in national and local government are outstripping those in private industry is highlighted in a survey published today on accountants and solicitors. It shows that at the upper end of the scale the difference can be as much as £2,000 and £2,500 a year for comparable jobs in the different sectors.

The survey, published by Accountancy Personnel, the employment agency group, illustrates the point by referring to the Warwickshire Area Health Authority having advertised in January and February this year for a district finance officer at a salary of £10,000, plus other benefits, whereas in the private sector the equivalent job would command only £6,500 or so.

Then again, the Lothian Health Board offered £6,255 for a development accountant, whereas its counterpart in private industry would only be offered about £4,000. Government offices are also far more tempting for the new entrant to accountancy. A tax officer, higher grade and aged 18, would start at £1,885, rising to £2,350 with weighting and other allowances if in London, but a commercial company would pay as low as £1,800.

On the legal side, the South of England River Board was offering £7,000 for a deputy section head, conveyancing, in the opening months of 1976, which compares with an equivalent salary in the private sector of £5,500. And whereas a solicitor with a district council was being tempted with £6,000 the private sector could counter with only £3,500.

At the entrants level the experience is the same as in accountancy. An articled clerk's salary in local government would be about £1,600, compared with a range of between £850 and £1,400 in a solicitor's office.

Survey of Salaries in Accountancy and Law, Accountancy Personnel, 63-65, Moorgate, London EC2R 6BH, twice yearly, £15 per annum.

EXECUTIVE HEALTH

BY DR. DAVID C.

Dangerous allergies

IT IS believed that certain allergic reactions are due to microbes which are normally found in man and may cause no trouble in their immediate habitat. Such conditions are uncommon and not usually serious; but dangerous organisms that cause such diseases as scarletina, not only evoke trouble at their invasion point—usually the throat—and constitutionally, but may excite allergic response in the heart and kidneys which can be so severe as to cause irreparable damage.

Other strange forms of allergy are known and doubtless many others await discovery. But one curious, debilitating and sometimes very dangerous malady is bronchial asthma. As it is estimated that 1 per cent of the adult population is affected by this malady to a greater or lesser degree, a relatively high proportion must be working in offices.

These unfortunate often have a family history of the disease and tend to be prone to some of the other allergic conditions mentioned before.

They suffer from sudden difficulty in breathing, with short inspirations and prolonged, wheezing expirations. Frequently the attacks occur at night, causing much distress and alarm to sufferers and relatives.

In many cases, exhaustive research may discover the specific allergens for each sufferer. Some are well-known, such as certain foods and animal hair and feathers; but the list of irritants is endless.

Attacks are sudden and always distressing, but usually not of long duration. Most dangerous is status asthmaticus when the paroxysm continues unabated.

Most allergic reactions are

...the condition remits without any treatment

and the patient can die of exhaustion. Hospital treatment is emotional disturbance. Curiously enough, it proves only that or many cases, so soon as the separate the psyche patient is aware of this safe soma—sane with an haven, the condition remits that produces an cure.

This brings one to the vexed question of the role played by psychological factors in asthma and, indeed, in a majority of old anti-tetanus serum and the allergic disorders. Some

doctors put them all down to "nerves," others to physical factors only. The answer obviously lies in an amorphous zone

worse and, at the height disorder which I felt started in infancy and was then, presumably, physical. or somatic. Later, a somato-psychic factor took over. When I last encountered him, the very sight of a cat through glass set off his asthma, indicating it had been

"When beggars die no comets seen; The heavens themselves forth the death of

During the night like the portable unit sales did not drop by 30 per cent. Despite this drop, the value of sales remained the same at £1.5m. because of price increases. Demand for

SALES of dictating equipment are starting to pick up again after the worst recession for 15 years, according to industry sources. There are no industry sales figures available for 1976 but some companies do report an improvement for the first quarter.

Figures for 1975 show that although the value of sales, at £10.5m., was 22.5 per cent. Despite optimistic forecasts higher than the previous year, made in 1974 for the smaller, the number of machines sold—hand-held machines (which do not have any attachments, un-

like the portable) stand alone machines

real growth was in the dictating systems

which make up the bulk of the market both in volume and

value terms, fell from 72,000 to 60,500 machines, worth £6.5m. have a longer selling

activity. So they did not have the full brunt of the recession.

Worst affected were portable

units of £1.5m. (£1.5m.).

The only sector the

real growth was in

dictating systems

which sold worth £1m. agai

in 1974 worth £625,000

stand alone machines

already provide high

activity. So they did

not have the full brunt of the

recession.

How do Europeans save and borrow?

A study from the Institute of European Finance, published by the Financial Times Ltd., SAVINGS FLOWS IN EUROPE describes and assesses the various channels through which individuals in 17 Western European countries save and the many forms in which they hold their savings.

Relative importance of saving channels

The study, written by Professor J. R. S. Revell, head of the Department of Economics, University College of North Wales, considers various aspects of personal saving in Europe in the light of its importance as a crucial component in national investment.

- liquid saving and consumer credit
- long term saving
- financing of house purchase
- the role of government in the personal saving process and
- the ways in which inflation affects saving.

Individual countries examined in detail

SAVINGS FLOWS IN EUROPE then examines statistics and other available material for 17 individual countries, bringing together for the first time the available savings data from a wide range of sources for the period 1960 to mid-1975.

To obtain further information about this wide ranging study, complete and return the coupon below.

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THE JOBS COLUMN

More about exam nonsense

BY MICHAEL DIXON

LAST week's topic of exam-addiction has brought several former in the sales area. And comments from readers. All of them share my doubts about the process by which success in the academic examination ladder is becoming more and more a pre-condition for entry into responsible jobs.

One story concerns a career journalist aged nearly 40 who for the past 10 years has been doing a responsible sub-editing job on a national daily newspaper. Not long ago he went to be interviewed for a journalist's job with one of the European bureaucracies.

He had expected to be questioned searching about his experience and success in the type of work involved. Instead, the interviewers concentrated minutely on his formal education. By the time they asked him to detail the subjects and grades in which he had passed the GCE Ordinary-level exams in the 1950s, he was fed up.

So he told the interviewers that he would not want to work for any organisation that would employ people like them, and walked out. Would that there were more people like him?

The most illuminating of the comments has come from Philip Egerton, of Inbucon/AIC Management Consultants. He says he has been concerned with much study of the factors which best indicate who is telephone 01-629 4513.

NOW for a pair being dealt with by the Civil Service Commission. Inquiries thereto at Alencon Link, Basingstoke, Hants RG21 1LB; tel. Basingstoke 68551 or, for answering service, 01334 1992.

AS it happens, Philip Egerton is handling the first of this week's jobs. It is for a 30-to-32-year-old engineer or chemist wanted as managing-director designate by Tufnol, of Birmingham, which makes industrial products from phenolic and epoxide resins. Candidates whose management experience includes marketing would have an advantage. Starting salary about £30,000, plus bonus and car. Inquiries to Mr. Egerton by telephone on 01-584 8171.

HUGO HOLMES, chairman of the consultancy Bull, Holmes (Management) is looking for someone aged about 40 to become production manager in Derbyshire of Clay Cross (Iron and Foundries), which is the major subsidiary of the Clay Cross group founded in 1837 by George Stephenson. Candidates should have experience in medium-to heavy-engineering appropriate to the production of such things as pressure pipes for gas or water works. Starting salary is about £5,500, and perks include a car. Applications to Mr. Holmes at 45 Albertmarie Street, London W1X 3FE —

Inquiries to quote reference S/9272. Closing date for applications May 11.

In the second Civil Service job, academic success is relevant. The post is professor of history and international affairs at the Royal Naval College, Greenwich, and heads a 25,000 range. Car. Dave Mason

senior lecturers. As well as academic distinction, candidates need specialised knowledge of maritime history or "the contemporary maritime aspects of war studies," and experience of teaching mature students.

Salary £10,445-£11,485. Post permanent or on secondment. Quote reference G/9245. Closing date May 10.

THE FINAL pair are being offered through Professional and Executive Recruitment. Telephone the consultant named, on 01-235 7030.

Smiths Food group is seeking

a qualified accountant with wide

commercial experience to be

responsible to the controller/director of finance, for the

treasurer's and the payroll

accounting departments. Main

tasks will be the control of capi-

tal cash flow, and all VAT

obligations. Experience of

computer-based systems wanted.

Age 38-35. Salary about £5,500

plus bonus. Joe Ayre, extension

203.

Scansa wants a successful

salesman to cover London and

the home counties, selling alarm

equipment to process industries

such as petro-chemicals and

power-generation. Knowledge

of this type of industry and

familiarity with instrumentation

and controls would be consider-
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VIDEO MEDIA

A Financial Times Survey

The Financial Times proposes to publish on April 13th a major survey on Video Media which will examine the most important aspects of this growth industry. The proposed editorial content will include coverage of the following:

Video Discs. Behind the misleading claims, video discs offer serious marketing and technical advantages as a medium of communication and entertainment. This article explains why and anticipates future trends.

Video technologies for information storage and retrieval. After microfilm, newer technologies are emerging with even greater capacity for storing information—videotape, video discs and holographic systems that might even be linked to computer control and video display.

The impact on publishing. With the promise of one video disc containing thousands of colour "photographs," retrievable on a button and costing less to press than the postage of a paperback book, the publishing industry is for some changes. Many companies are already active in video publishing.

Videocassettes. The videocassette is now established as a communications tool and a new leisure product for the home. Its growth has been slow but steady.

Video systems as a working tool. A guide to what is available, what it does and doesn't do, how much it costs, and how various equipment may integrate as a total system.

Duplicating video programmes. As new methods of recording and replaying moving pictures have emerged, so too have new systems for duplicating them economically. The various methods—such as high speed videotape duplication, tape-to-film transfer—and the new opportunities offered by video disc duplication.

The grammar of the video media. As the new video media have made the production of moving pictures accessible to anyone, a danger arises of a novel form of illiteracy—the inability to express oneself clearly with a video camera. This article outlines some of the elements which comprise the grammar of video, explaining why its mastery is important to modern man.

his survey has been timed to coincide with Video Disc '76, the world's first international conference on Video Media. So if your company has an interest in the Video Media field or wishes to address it at this time an advertisement in this survey will enable your message to be heard... and acted upon... by other companies and their senior executives who will be interested to read about your company's skills, achievements and specialist abilities.

If the information you require about the survey's content and advertising rates may be obtained by telephoning Suzanne Ralph of the Financial Times on 01-248 8000, extension 01.

VIDEO MEDIA

An FT survey scheduled for publication on

April 13th 1976

The contents and publication date of this survey are subject to complete editorial discretion and may be changed without notice.

Businessman's Diary

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
To-day	Junior Fashion Fair (cl. Apr. 8)	Horticultural Halls, S.W.1
To-day	Photography at Work Exhibition (cl. Apr. 8)	Exhibition Centre, Harrogate
To-day	Heating, Ventilating, Air Cond. Exhb. (cl. Apr. 9)	Nat. Exhb. Centre, B'ham
Apr. 6-8	Plastics Industries Exhibition (cl. Apr. 9)	Belle Vue, Manchester
Apr. 7-9	Leatherware International Exhibition	West Centre Hotel, S.W.6
Apr. 7-10	London Fashion Fair	Earls Court
Apr. 8-10	British International Fashion Fair	Nat. Exhb. Centre, B'ham
Apr. 10-20	Frozen Food Exhibition	Metropole Centre, Brighton
Apr. 25-28	Incentive Marketing and Sales Fxms.	Singly Hall, Birmingham
Apr. 26-30	Manchester Toy Show	Metropole Centre, Brighton
Apr. 26-30	Storage, Handling and Distribution Exhibition	Belle Vue
Apr. 26-30	Automotive Service Equipment and Supplies Exhb.	Olympia
Apr. 26-30	Int. Fire Security and Safety Exhibition	U.S. Trade Center, W.1
Apr. 27-29	Leather and Associated-Trades Show	Olympia
Apr. 27-29	Laboratory Equipment Exhibition	Nat. Exhb. Centre, B'ham
Apr. 27-29	Industrial Dev. Exhibition and Congress	Cunard Int. Hotel, W.6
Apr. 27-30	Int. Pipeline Eng. Exhb. and Convention	Royal Lancaster Hotel, W.2
May 3-7	International Marine Exhibition	Earls Court
May 3-7	Int. Instruments, Electronics and Automation Exhb.	Nat. Exhb. Centre, B'ham
May 10-12	Int. Pneumatics and Hydraulics Exhibition	Heathrow Airport
	Air Cargo Services and Equipment Exhb.	

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Today	"Mexico-Europa" (cl. Apr. 11)	Rotterdam
Current	Women's Ready-to-Wear Clothing Exhb. (cl. Apr. 7)	Paris
Current	Food Beverages and Machines Fair (cl. Apr. 11)	Thessaloniki
To-day	Electronic Components Exhibition (cl. Apr. 10)	Paris
Today	British Technology for Malaysia Exhb. (cl. Apr. 12)	Kuala Lumpur
Apr. 6-9	Petrotech '76 Oil and Nat. Gas Exhibition	Amsterdam
Apr. 6-11	International Swedish Trade Fair	Gothenburg
Apr. 7-11	Building, Heating, Plumbing, Air Conditioning	Helsinki
Apr. 7-12	International Exhibition of Textile Machinery	Kallang, Singapore
Apr. 12-23	Fashion Fair	Hamburg
Apr. 14-23	Milan Trade Fair	Milan
Apr. 21-25	Int. Biennial Exhb. for Sheltered Farming	Verona
Apr. 22-28	International Spring Fair	Zagreb
Apr. 23-May 2	International Household Fair	Amsterdam
Apr. 24-May 3	Swiss Industries, Watch and Jewellery Fair	Basle
Apr. 24-May 4	International Motor Show	Barcelona
Apr. 24-May 5	International Handicraft Exhibition	Florence
Apr. 24-May 9	Brussels Trade Fair	Brussels
Apr. 25-29	International Fashion Trade Fair	Dusseldorf
Apr. 26-30	International TV Programme Market	Cannes
Apr. 28-May 5	Modern Technology Exhibition	Tehran
Apr. 28-May 6	Hanover Fair	Hanover
May 1-9	International Air Show	Geneva
May 1-16	International Trade Fair	Wellington
May 4-6	World Tobacco Exhibition	
May 6-22	New Zealand Trade Fair	

BUSINESS AND MANAGEMENT CONFERENCES

Apr. 6-9	Brunei Univ.: Participation in Practice	Uxbridge, Middlesex
Apr. 7	Imperial Coll.: Productivity Analysis	Imperial College, S.W.7
Apr. 8	Operational Research: Investment Appraisal	London Graduate Sch., N.W.1
Apr. 12	Staniland Hall: The Budget, Economy and Industry	London Hilton, W.1
Apr. 13-15	Consumer Forum: Practice Standards	Manchester University
Apr. 13	Insight-Ebab (UK): Video Disc '76	Royal Lancaster Hd., W.2
Apr. 14	WTI: Finance of Exports	World Trade Centre, E.1
Apr. 15	Timber Research: Farmbuilding in Europe	Carlton Tower Hd., S.W.1
Apr. 22	BIM: Pension Schemes and New Act	Stoneleigh, Warwickshire
Apr. 23	Induscon: Disclosure of Information	Financial Times Cinema
Apr. 23	Inst. of Purchasing: Contract Price Adjustment	Park Court Hotel, W.2
Apr. 23	Guardian: Contracts, Dismissals and Redundancy	Park Court Hotel, W.2
Apr. 23-24	Leeds Univ.: Patents in the Common Market	Leeds
Apr. 23-27	B.T.A.: Conference '76, Group Communication	Grosvenor Hse., W.1
Apr. 23-28	MCI: Corporate Risk Man. and Self-Insurance	Brussels
Apr. 26-30	P.E.C. Cons. Grp.: Production Management	Training Centre, Egham
Apr. 27-28	Bradford Univ.: Dynamic Programming	Heaton Mount, Bradford
Apr. 27-30	Northwood: North Sea Pipeline Operations	18, Park Crescent, W.1
Apr. 28-29	ESC: Employee Participation in Europe	Cromwell Hall, Euston
Apr. 28-29	Ass. Cert. Arts.: Investment Appraisal	Hotel des Bergues, Geneva
Apr. 29	Bus. & Ind. Trs.: An Approach to Private Medicine	Clifton Ford Hotel, W.1
Apr. 29-30	Financial Times, the Banker and the Investors Chronicle: New York—World Financial Centre	Cafe Royal, W.1
May 4-6	Int. Prop. Studs: Man. of Foreign Currency	Waldorf-Astoria, New York
May 11-14	IPM: Personnel Management Conference	Ion on the Park, W.1
	Urick: Business Modelling	Royal Lancaster Hotel, W.2
		Urick Centre, Slough

APPOINTMENTS

Sir Denis Barnes joins Glynwed

Sir Denis Barnes has joined the FURNESS-HOULDER (LIFE AND GENERAL MUTUAL LIFE ASSURANCE SOCIETY).

Mr. Robin Gill has been appointed to the Board of ANSVAR INSURANCE, Mr. Gill is chairman of the Standing Industrial Trust, chairman of the Board of Yarrow and Company, and a director of Yarrow and Company.

Mr. E. H. Pace, director of ICI's protein project, has been appointed industrial chemicals and purchasing director of ICI's agricultural division. He takes over from Mr. G. J. Connolly who has left ICI after a year's service as managing director of ICI's protein project. Mr. Pace succeeds Mr. G. J. Connolly as chairman of the National Enterprise Board. The new protein director will be Mr. P. P. King who will combine these new responsibilities with those of his current position as research and planning director of ICI's agricultural division.

Mr. L. Stevens, the group managing director of POTHIER GILL AND J. A. Jordan, will be succeeded by Mr. J. A. Jordan as chief executive. Mr. Jordan will remain as a full-time executive until October when he will be 62. Thereafter he will continue as non-executive chairman. Mr. T. R. Wightman, a director of Yarrow and Company, will shortly reach the age of 65 and retire from the Board at the end of October.

Mr. Frank Price has been appointed finance director and Mr. Colin White, managing director of LYNKLAN BUILDING COMPANY, the principal operating division is Troon Greenhouse. Mr. Wiesner was with the Industrial and Commercial Finance Corporation, and Mr. Jones with Aluminium Systems, in Sheffield. Joining the Board as non-executive directors are Mr. Roy Merrington and Mr. Remington Wilson.

Mr. Keith Jackson, chief accountant of FELL AND BRIANT Croydon, has been appointed managing director of Consett (Nigeria) by Mr. R. A. Dykes.

Mr. Robert Wiseman has been appointed finance director and Mr. Colin White, managing director of LYNKLAN BUILDING COMPANY.

Mr. Ian Morton has been appointed as chairman of DRAYMONT SECURITIES on taking up his appointment as managing director of the BRITISH NATIONAL OIL CORPORATION. He has also resigned from the Boards of Head Wrightson, F. Pratt Engineering Corporation, and the Royal Ordnance Factories.

Mr. D. J. Roberts has retired as a director of COUTTS AND CO. Montague L. Meyer joins James Davies from the beginning of April. This appointment frees Mr. Ernest Clifford Bartlett, the present managing director, for his wider responsibilities as managing director of the Devon and Cornwall Regional Board of LLOYD'S BANK.

Mr. Robert Fell, chief executive of GFS, has been appointed to the Board of MARINE

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

Lathe machines both ends Exhaust air waste heat recovery

DEVELOPED TO machine both ends of small workpieces at the same time, the Horsman Spinner DK5 50/50 double-ended automatic lathe is claimed to produce excellent concentricity and plan parallelism of the two ends.

A narrow headstock is mounted between two machining heads, and can be pivoted pneumatically to the adjacent loading position. The workpiece is mechanically locked in position.

Independent, simultaneous, manual or automatic operation is possible, with up to seven micrometer stops for both longitudinal and traverse movements. A wide range of tool holders and automatic loading arrangements are available. The latest machine is suitable for turning workpieces from 10 to 150 mm. long and up to 60 mm. dia., and spindle speeds range from 500 to 3,000 rpm.

Details from Horsman Bros. (Machine Tools), Dittons Road, Polegate, Sussex, BN28 6NE (03212 5145).

Riveting tests

PREPRODUCTION riveting runs will be carried out as a service by the Blifreted and Tubular Rivet Company for companies who want to test this method size is planned.

MINING

Powerful mining drill

THE FIRST universal hydraulic rotary percussive drill to be operated on fire-resistant fluids in the U.K. is being used at the National Coal Board's Thoresby mine, Notts.

It is an Elmo-Secoma RPH 35, supplied by Elmo (UK) Ltd, Earlsway, Team Valley, Gateshead II, Co. Durham, and strength.

Two sizes are available, 300 mm diameter which will handle components about 80 mm. deep with an indexed diameter of about 125 mm., and 382 mm. diameter for 135 mm. deep components.

The spindle is revolving. This allows the machining of valve pieces, pipe fittings and similar items requiring machining at both ends, in one chucking operation and without stopping the spindle.

Two new continuous freezers are being introduced by Alfa-

HEATING

Exhaust air waste heat recovery

USING THE heat pipe principle, exhaust air waste heat recovery units are being made by the Q-Dot Corp., Dallas, Texas.

A heat pipe is essentially an evacuated tube with a capillary wick structure around the internal wall, filled with a refrigerant liquid and permanently sealed. Heat applied to one end causes the liquid to vaporise and travel to the other end where it condenses giving

TELEVISION

New tube from RCA

LATEST major colour tube maker to announce the introduction of a 22 inch 110 degree precision in-line tube into the U.K. is RCA. First European showing will be by RCA's affiliate Video color at the Paris Electronic Components Show.

The deflection yoke and other neck components are pre-assembled on the tube and factory pre-set for the best performance. The whole tube assembly can normally be put into a receiver by set manufacturer or field serviceman without making

CATERING

Ice-cream equipment sales drive

is operating on water/oil emulsion in a tunnelling project that is currently advancing at a rate of 21 yards/week. The drill is being used for driving roadways to a new seam.

The simple boom, with a drill slide equipped for variable thrust and fitted with a universal rotary percussive hammer, is mounted on a crawler. The Elmo crawler is U.S.-designed and the Secoma drill is French. It is claimed that the facility to change from rotary to rotary percussive drill action is unique, and that this provides an ability to drill in strata ranging from 4 to 40,000 psi compressive

Two new continuous freezers are being introduced by Alfa-

up the latent heat of vaporisation. The liquid flows back to the heated end through the wick by capillary action.

The thermal recovery unit comprises a bank of heat pipes fitted with external fins. The bank is mounted across both the inlet and exhaust air ducts from a building or industrial process, and transfers heat from the warm exhaust air to the cold incoming air. It is possible to regulate the heat carrying capacity of the pipes (and thus the air temperature) by tilting the pipes from the horizontal.

Available from Burke Thermal Engineering, Mill Lane, Alton, Hants, (020 84158), the units are claimed to offer 80 to 80 per cent waste heat recovery.

TELEVISION

Component indexed in chuck

HYDRAULIC CHUCKS with index monitoring for use on automatic and plugboard lathes and NC machines have been developed by Wickham Lang, Banner Lane, Coventry CV4 9GE (020 485231).

Classified as type PI, the chuck index the components through 90 degree steps while the spindle is revolving. This allows the machining of valve pieces, pipe fittings and similar items requiring machining at both ends, in one chucking operation and without stopping the spindle.

Two sizes are available, 300 mm. diameter which will handle components about 80 mm. deep with an indexed diameter of about 125 mm., and 382 mm. diameter for 135 mm. deep components.

The spindle is revolving. This allows the machining of valve pieces, pipe fittings and similar items requiring machining at both ends, in one chucking operation and without stopping the spindle.

The deflection yoke and other neck components are pre-assembled on the tube and factory pre-set for the best performance. The whole tube assembly can normally be put into a receiver by set manufacturer or field serviceman without making

TRANSPORT

Liquid gas powers fork lift trucks

COMPACT STYLING, minimal turning circle and hydrostatic transmission are features of two gas powered trucks introduced by Bonser Engineering, Giltbrook, Nottingham, NG12 2GX (060743 3621).

The KF 1150 has a nominal capacity per freezing cylinder of 800 l/h. according to temperature and composition of the mix. A second freezer, KF 1300, offers twice this capacity. Both freezers are claimed to provide higher ice-cream quality and economies in operation through manpower savings, minimal loss of milk and special control systems which keep constant the degree of overrun, viscosity and output volume.

Alfa-Laval, Great West Road, Brentford, Middlesex, TW8 9BT.

either 15 or 18 kg capacity giving 8 or 11 hours working, has been incorporated in the profile of the truck so that it does not interfere with the unit supplied with road only/random access memory segments from 4k to 16k giving the terminal the ability to carry out tasks often handled by a computer.

This was based on an IBM System 3 with 3270 terminals,

Assemble consists of the PIL

and a precision static toroidal self-aligning yoke system, and a permanent magnet pump and static convergence device. A quick-hat electrode provides typical warm-up time of 7.5 secs. to 50 per cent of stabilised emission current. Overall lower consumption of the system would enable a receiver to be designed consuming no more than 120 watts. More from 50 Curzon Street, London W1Y 8EU (01-498 4100).

The deflection yoke and other neck components are pre-assembled on the tube and factory pre-set for the best performance. The whole tube assembly can normally be put into a receiver by set manufacturer or field serviceman without making

Two new continuous freezers are being introduced by Alfa-

PROCESSES

Controls the oil flow

A RANGE of four sizes of multi-spool sandwich blocks for the control of oil flows to one or more hydraulic cylinders, motors, circuits, etc. has been introduced. The servo system is stated to offer fine control and negative overlapping.

A feature of the blocks is that elements can be added to existing units with a minimum of cost. These cast modular valve elements are mounted together to a maximum of ten, to form a sandwich, and coupled with tie bolts. They can be operated by hand lever, mechanical rod, or remote hydraulic, pneumatic or electrical systems. Check valves are incorporated for load hold-

up. The company says it is possible to create a reliable interference fit between bearing and housing parts are BSP or metric, or fit between bearing and housing

flows up to 250 litres/min. with a vibration-resistant "buffer" between the two surfaces subject to vibration. This can be achieved by applying silver or tin plating to the bearing housing prior to fitting the bearing.

The maker is G. L. Barroch, Cromwell Road, St. Neots, Huntingdon, Cambs, PE19 2ES (0480 73781).

The company says it is possible to create a reliable interference fit between bearing and housing parts are BSP or metric, or fit between bearing and housing

flows up to 250 litres/min. with a vibration-resistant "buffer" between the two surfaces subject to vibration. This can be achieved by applying silver or tin plating to the bearing housing prior to fitting the bearing.

The process can be used to apply buffer metal selectively to the areas subject to fret. Examples quoted range from large propeller shaft bearing housings to small electric motor bearings.

When fretting has already taken place, the technique can be used to restore components. worn bearing housings can be brought back to tolerance by plating with nickel before applying the protective tin coating.

The equipment is portable and the fretting can be carried out in situ. Metadalic, Blackthorne Road, Poyle Trading Estate, Crowthorne, Slough SL3 0AW (Slough 8262).

Using Dalic selective plating, the machine is an integral probe reservation bookings and gramme loading, testing and enquiries in response to telephone calls from over 700 travel agents and the public. The gramming direct from the availability of a specific holiday keyboard or from outside media can be confirmed during the course of the phone call and full cassette device.

Displaying 25 lines of 60 characters, the unit is supplied with read only/random access memory segments from 4k to 16k giving the terminal the ability to carry out tasks often handled by a computer.

Software packages developed so far cover text processing, formating and data validation.

Other features include the provision of a "break-point" by Demon enabling an operator to run up to this point and then

"single step" through the program.

LAUNCHED on to the U.K. and European markets by Data Systems is the model 4500 user programmable visual display interactive basis. More from 183, Great Portland Street, London W1P 8PD (01-588 7821).

Central to the performance of the unit is the provision of a combination copy.

Processed film can be used using a conventional applicator, followed by drying down in the same transfer lettering.

Contractors, Chapel Lane, Bristol BS2 7TL (0272 651204).

Known as the Brimex three-in-one demountable, it acts as a transporter of heavy plant and equipment, as a loader for demountable bodies and as a lorry platform.

Basically similar to the tipper unit described on this page on February 10, it has guide rails fitted in the bed of the auto-movable tailboard and lorry body, which locate the demountable body. Rollers in the rails ensure easy loading and unloading, while four automatic supports lift the demountable body clear of the rollers when travelling.

A hydraulic winch and wire rope loads and unloads the body, and a hydraulic ram raises the flatbed frame to let the demountable slide free, and using loading equipment developed by Bristol Metal

heavy equipment.

These are oriented towards the aluminium industries where the levels are within 10 Vickers, 10 to 200 Brix 20 to 100 Rockwell instruments are similar to those already in market. More from 2 Pleasant, Alerton, Middlesex HA9 1TU.

For instant accommodation ring (01-826) 4121

J.C. CONSTRUCTION LTD, Portway, Caldicote Lane, Dursley, Glos. GL14 3JG

For Joe-Cabins, Merton & Hounslow

For instant accommodation ring (01-826) 4121

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Building and Civil Engineering

£m. shopping centre £1m. award to Tarmac

N Australia has been awarded a contract to build a restaurant and outdoor area above a new shopping centre 20 kilometres from the Australian Provident Society. The complex will have one acre of covered parking space, a two-level car park, five acres of foundations, structures in the form of a fluted white block developed especially for the project.

The car park will provide space for 800 vehicles plus a bus terminal and a further on-ground parking area will accommodate another 1,800 cars.

Work has begun and is due for completion in September 1977. Architects for the project are McIntyre and Partners and structural engineers John Connell and Associates.

n.-worth Gough oper

ACTS totalling over £7m. under Housing Association Keynes Development Corporation, Northampton Development Corporation and General Housing Association have been won by Gough.

has already begun on Leicester Housing Association which is for 129 flats and maisonettes at Mitre Lanes.

£1.1m. Milton Keynes Development Corporation contracts soon and is for 115 flats at Great Linford. Work begins soon on 78 flats at Upton in a £606,000 programme. Northampton Developments.

General Housing Association projects are for 58 flats in Lowestoft and 32 flats and 48 at Hellesdon, near Norwich. Suffolk contract ready began while the Norwich contract is due shortly.

n. store Plymouth

£1.5m. a contract for construction of a supermarket, has been awarded to Mowlem Group, by Association of Leeks.

store will have 35,000 feet of shopping area.

£1.6m. jobs for FPA Finnegan

CONTRACTS worth nearly £1.6m. for work which includes the construction of a factory at Shefield, 108 local authority flats and a hotel on Merseyside, and a private residential development at Willaston, have been won by FPA Finnegan, main building subsidiary of the FPA Construction Group.

The factory is for Hadee Engineering Co. at the Holbrook Industrial Estate, Mossborough, and the contract figure is nearly £110,000. The local authority housing contracts are for Liverpool Corporation and the Metropolitan District Council of Sefton.

The private residential contract is the first phase of a development at Hooton Road, Willaston, and covers site clearance, construction of roads and sewers, and the erection of 48 detached houses. The contract is worth about £300,000.

Completion of the production

How many continents are there?

ASK RAYMOND. They work in all five of them.

All over the world, construction begins with Raymond piling. Over more than 70 years they have established a world-wide reputation for being fast in both sense—fast-secure and fast-rapid.

Wherever you go, you'll find roads, bridges,

power stations, refineries and factories that have been built quicker and are lasting longer because of Raymond skill and know-how.

Europe. Raymond drove 13,000 Step-Taper piles for a power station in England and finished 10 days ahead of schedule.

As they are tying out a bigger impact.

America. The 38 km Lake Pontchartrain Bridge is the longest highway bridge in the Raymond operates throughout North, Central South America.

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Asia. Piles for a steel mill in Taiwan are currently under construction.

South-east Asia means improved communications.

Africa. Raymond maintains virtually continuous working in Nigeria, Libya and Liberia. Roads, bridges, buildings all over the continent testify to the secure foundations Raymond constructed.

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facilities estimated to cost £5m. is scheduled for September 1977. Architect for the project is Harry S. Fairhurst and Son and the main contractor is Geo. Houlton and Sons.

TARMAC Construction has begun work on a firm contract to build a road bypassing two of the main shopping streets in Brighouse, West Yorkshire.

Awarded by the West Yorkshire Metropolitan County Council, the contract calls for the construction of 750 metres of dual carriageway and 400 metres of single carriageway together with five roundabouts, two pedestrian subways, three car parks, retaining walls and main sewer diversions.

Work has begun and is due for completion in September 1977. Architects for the project are McIntyre and Partners and structural engineers John Connell and Associates.

A hardware store with

Office block in Bromley

WORK is about to start on a six-storey office block at Farling Lane, Bromley, Kent, for Chapman and Co. (Batham).

The contract, awarded to Bowis, is worth about £677,000 and involves construction of a reinforced concrete frame clad with faced red brick and plastered with marble and flint. The staircase will be brick-clad and will incorporate a link to a second, two-storey, building.

Architects are Holden, Mathias Partnership and quantity surveyor Bellamy and Wareham.

Boris has also won a £200,000 contract for a recreation centre at Faversham, Kent. Awarded by Swale District Council the job calls for the refurbishment of former municipal premises.

The new recreation hall will provide approximately 10,000 square feet of space for theatrical, sporting and social functions and will include a bar, kitchen and ancillary accommodation.

The system is suitable for both single- and two-storey buildings with either flat or pitched roofs.

WALL panels, complete with doors and windows, are completely pre-finished internally and externally at the factory, doing away with the need for decoration on site.

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FACTORY constructed buildings which may be used for housing, offices, schools and other types of accommodation are to be produced for the export market by Lovell Housing of Marlow, Bucks.

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MONDAY, APRIL 3, 1978

Profitability and jobs

THERE is now clear evidence from our own survey of business opinion and that of the Chancellor's decision on stock profits for tax purposes and to reverse the financial pressures on many companies, and not just the over-gearred ones, will increase. They will need more cash for working capital (ICI has estimated that it will need £200m. more for this purpose in 1978 than last year) and to finance investment in the new plant and equipment which rising sales will call for. To the extent permitted by the state of the stock market and their own share price, companies will continue to raise equity capital; a removal or at least a relaxation of dividend restraint would be a useful fillip for this source of funds and it is to be hoped that the Chancellor will indicate some moves in this direction tomorrow. But it is the internal generation of cash which will be of crucial importance in the coming year: the funds will not be available in anything like the amounts required unless the existing system of price control is drastically altered.

Presentation

All controls of this kind, whether over prices or wages, become increasingly difficult to administer after the initial shock has worn off. Ideally the price code should be abolished, but since the Government is committed to replacing the present £8 limit with a tighter form of wage restraint, some continuing controls over prices are politically unavoidable. But whatever the Chancellor's problems of presentation, the fundamental need for a shift of resources from the personal to the corporate sector must be recognised, and this means higher profit margins. The historical bases of the code, relating to profits earned in 1967-72 and to prices charged on April 30, 1973, were tolerable for most firms as long as severe competition was holding prices and profits well below permitted levels. But this situation will soon no longer apply. A good many companies will be humbling up against their profit margin ceilings during the next few months.

There are several ways in which the ceilings could be accordingly.

A disappointing summit

THE EUROPEAN COUNCIL—the proper name for Common Market summit meetings—was devised to allow Community heads of government to meet informally, without undue publicity, without a fixed agenda, and without being obliged to take major decisions. At its best, the council would have enabled the heads of government to discuss their internal problems and the constraints these imposed on the development of the Community; within those limits, and assuming a common will that the Community should develop, the council should have been able to lay down the guidelines for future development to the Community's more formal institutions.

By those standards, it is very difficult to find anything positive to say about the meeting of the council which took place in Luxembourg last week. The heads of government failed to agree on any of the issues of substance before them: direct elections to the European Parliament, the follow-up to the Tindemans Report on European union, and the economic situation. It was also far from being an informal gathering: it met as a kind of superior Council of Ministers and referred the problems back to the Council of Ministers proper, which had already failed to solve them.

More modest

By the vastly more modest standards which the Community of late seems to have adopted, however, it is just possible to salvage something. For instance, the Community does now appear to be moving towards a consensus that the aim of economic and monetary union cannot be achieved by technical devices such as the currency snake. There will have to be a transfer of resources, probably coupled with greater economic discipline in some member-countries. Whether this is politically pos-

Extra ways of helping investment are being studied. A report by William Keegan and Adrian Hami

Why new finance means less industry than politicians

THE more political and turned to the problems of reversing the decline in British manufacturing industry, the more intense have become the calls for radical reform of and intervention in the financing mechanisms. The nationalisation of the banks and insurance companies, directing a proportion of their investments into particular sectors, has been urged along with new and subsidised forms of long-term finance for manufacturing investment.

Much of the Labour Party now believes in something along those lines. The unions have once again called for it. The Cabinet argues about it. A high-powered National Economic Development Office-Bank of England committee has been set up to study it. The "Think Tank" has been involved in it. The City worries about it. Even some leading figures in banking have seemed not averse to it.

A good deal of the debate, it is true, can be summed up as fairly cynical or elated posturing. The City has always been an easy scapegoat for the country's economic woes, just as it has always been unpopular in the eyes of manufacturing industry itself.

Equally, a fair amount of the manoeuvring now going on in the City and in Government circles to create a new equity bank funded by the institutions to strengthen Finance for Industry, and to examine the problems through the aegis of the NEDO committee can be ascribed not so much to any genuine conviction of the need for change as to a desire to counter and defeat the growing calls for such a change.

Important coinage

Yet the issue of industrial finance remains a real one, if only because it has become so important a coinage in the political currency of the moment. On the desk of every leading banker is a copy not of the Confederation of British Industry's Budget representations but a well-thumbed Economic Review recently published by the TUC. Mr. John Hughes' Fabian pamphlet on Funds for Investment, which argues for a central fund fed by corporate profits and redistributed for investment, is readily quoted. Bankers and insurance companies appear to take seriously the demands for outright nationalisation of their institutions.

The argument for change is undoubtedly an attractive one. Britain's manufacturing base is in decline and has suffered from years of low investment. When comparisons are made with our stronger competitors such as Japan and France—the idols of thought which argues that any shorfall in funds for industry can be made good by Government-induced tinkering, ranging from Industry Act schemes to the Equity Bank. But unless industry is allowed to rebuild its profit margins now that market conditions are more favourable, the country's other economic objectives will not be realised. The Government must make this clear to its supporters and revise the price code accordingly.

In the same way, the fact is that Britain has a well-developed long-term financing mechanism in the pension funds and insurance companies but, according to the critics, does not use this sufficiently to finance long-term industrial investment. From this stems the argument that the root problem is the way in which fund managers do not go for short-term earnings rather than long-term profits,

the lack of an effective long-term debt market in the U.K. compared with the U.S. is unquestionably a worrying feature of the British scene, just as the virtual drying up of the equity market in 1974 raised serious questions about the reliability of the Stock Exchange as a major source of industrial finance. Because of the apparent ability of other Western European countries and Japan to turn short-term savings deposits into long-term corporate finance, and the fact that Britain has been able to achieve this for property loans through the building societies, there have, almost inevitably, been calls for a similar "lengthening" system to be introduced for British industry, whether through a voluntary institution such as the proposed equity bank or through a State organisation such as the National Enterprise Board.

The evidence that the problems of British manufacturing investment result from lack of funds is far from impressive.

Recent reports suggest that even in the height of the property boom banks still had plenty of money earmarked for manufacturing investment,

some of which was never taken up. Since then the availability of bank finance has become even more apparent;

all banks are well short of their lending limits, and only

too happy to find customers explosion in raw material costs. Compared with Britain, and that some intervention is required both to direct a proportion of funds into manufacturing industry and to ensure that the institutions take greater responsibility for the efficient running of Japanese companies all seem to be British enterprises.

This line of argument, however, runs into difficulty when higher proportion of value added ever, runs into difficulty when debt/equity ratios and to rely on the past and the actual require-

The real problem is, indeed, the lack of demand for funds provided by the banks. Statistics on industrial finance are hopelessly inadequate.

Criteria of the customs as this is so, there is case for examining structures to provide finance at reasonable medium-size companies able to the swings rather than leaving financial institutions their medium-term terms to get round these problems by acquiring direct control to force the pace of industry.

The Government could attempt to get round these problems by the particular cost of finance they can regard from a point of view. But companies are concerned individual projects, ar that their need for finance with a later not fully met by the preference for shorter-term

Furthermore, dep one's view of the timing of the next recovery, there mu fears that companies again find themselves with high and a change in t ratio, will be re "finance inflation" too much. For this or no other, there ease for an equity companies and he ability to borrow, or immediately as later

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FINANCIAL TIMES SURVEY

Monday April 5 1976

Malaysia



Check...

with Sime Darby before you make a move in South-East Asia

Four years ago, we suggested you

**"Check...with
Sime Darby before
you make a move,
in South-East Asia"**

Now, it's time to check again-internationally!

Sime Darby knows as much as anyone about doing business for the world in South-East Asia — and more about doing business with the world from South-East Asia.

It's been our business for more than

from a sound base in Malaysia.

Sime Darby started operations in Malacca in a plantation management company, South-East Asia has been our territory and Malaysia has been our base. And in all those years we have been closely involved in growing and developing the world key Malaysian exports — and to Malaysia some of the world's best. Both of these traditional Sime Darby have played important roles in Malaysia's

We have also developed sound supporting activities in the general trading field, particularly with Pernas, the Malaysian national trading corporation.

We've moved strongly into other markets in Asia and around the world.

While Malaysia and Singapore have been our traditional bases, and plantations, heavy equipment and general trading were the activities on which Sime Darby was built, we have always been conscious of the potential in regional and international business growth.

Long before ASEAN was a household word in this region — or the important economic grouping of nations it is becoming today — we recognised the wealth and strength of South-East Asian nations and made it our business to be part of their development.

This took us into manufacturing, trading, distribution, insurance and shipping in Hongkong, Thailand, Indonesia and Taiwan. And this development, which has been most marked in the past 15 years, now sees the Sime Darby Group with strong food and beverage manufacturing, vehicle distribution and engineering contracting bases through Amoy Canning and China Engineers in Hongkong; Industrial products dealerships in Thailand and Taiwan; Food processing, engineering, manufacturing and trading in technical equipment, building products, commodities and industrial equipment in Singapore; Management of tractor and equipment dealership, property development, plant hire and manufacture and distribution of security equipment in Indonesia.

Nor have we limited our horizons to Asia. We have a strong link with the Indian Shaw Wallace Group, we have interests in money broking and insurance in Europe and North America and our commodities and fertiliser trading operations circle the globe.

We've recognised the value of strong, progressive partners.

Sime Darby has long been associated with an impressive range of partners and principals, who stand as testimony to our progress and potential — British Paints, Cadbury, Caterpillar, Chubb, Ford, ICI, Remy Martin, Westinghouse.

Nor have we limited our partnerships to international companies. We have established sound partnerships with Government agencies in South-East Asia, for example Pernas in Malaysia and the Development Bank of Singapore.



** Sophisticated equipment for important national development projects in Malaysia. Sime Darby has been closely linked with Caterpillar since 1928.*

Furthermore, we have recognised the value of strong partnerships with people and our obligations to the countries and communities in which we work. For this reason we have put heavy emphasis on training programmes for our tradesmen and indigenous executives.

And now we're concentrating on bringing the best technologies from the West to our operations in the East.

In the past five years, the Sime Darby Group has risen to a leading position in business in South-East Asia, as a result of a period of rapid and exciting growth. But this growth brought with it a need to rethink our future and plan carefully for the last quarter of the 20th century. So we have begun a phase of change as the most important result of a brief period of consolidation.

We have introduced a new management team in the parent company — a team which has brought to the Group new experience and capacity. We have broadened our base a little by acquisition and we have defined the directions in which we will move, and how we will grow.

And this movement and growth will in future come from carefully planned organic growth and acquisition in activities which fit into our established strengths or are complimentary to them.

One of the major factors in our new growth will be the introduction of the best technology in the world into our areas of expertise in South-East Asia. We will seek technologies that fulfill needs, raise living standards, boost production and contribute to the further development and competitiveness of industry in South-East Asia.

Our acquisition of the Marryat and Stanley groups in the United Kingdom and our major investment in VDK of Belgium in the past few months are proof of these intentions.



** Meeting development needs internationally. The Rashid Hospital in Dubai is one of the many successful contract engineering projects undertaken in association with other British contractors by Marryat Jackson Norris, part of our new UK subsidiary. Architect: John R Harris FRIBA AA Dip(Hons).*

So if the future's your business, it's time to check again with Sime Darby.

Sime Darby is a strong company, an energetic company, an enthusiastic company and an innovative company. If you value strength, energy, enthusiasm and innovation — Check with Sime Darby.

Sime Darby is a people company and a partnership company. If you recognise the advantages of sound partnerships and know the value of committed and competent people — Check with Sime Darby.

Sime Darby is a technology-conscious company. If you value technological leadership and recognise the scope for introduction of new technologies in South-East Asia — Check with Sime Darby.

Sime Darby is a company that's going places internationally. If that interests you — Check with Sime Darby, internationally.



The Sime Darby Group

MALAYSIA • SINGAPORE • HONGKONG • UNITED KINGDOM • EUROPE • INDONESIA • THAILAND • INDIA • AUSTRALASIA

MALAYSIA II

The death last January of Tun Abdul Razak, Malaysia's Prime Minister, brought the country face to face with a number of fundamental and interlinked problems—political, economic and social. In the immediate future these problems could evolve into a series of crises.

Atmosphere of calm prosperity

NEITHER THE current political beginning to pick up and head serious deficiencies that the once of the Communist ter-squabbling nor any note of again for real growth running into double percentage figures, danger has yet ruffled the booming prosperity of the capital Kuala Lumpur or the rich peace of most of the green countryside. Malaysia is still the most pleasing country in Asia to visit, and after India and Indonesia one of the most fascinating. Sometimes Kuala Lumpur seems as if it is trying to suffocate itself in prosperity with tall buildings springing up, hemming in narrow roads choked with snarling jammed traffic; yet even in Kuala Lumpur there are plenty of wide green spaces offering a place to relax and breathe which is hardly possible say in neighbouring, greedily frenetic, Singapore. Racial harmony is good and it is not uncommon to see pretty Malay and Indian and Chinese children wandering hand in hand to school. The ordinary people on the street are usually smiling and friendly and ready to chat or be helpful.

Out in the countryside life is slower, more humdrum, poorer. But Malaysia is as rich as paradise compared to say Bangladesh or rural India. There is not the same pressure on land or for food.

In spite of all these good things, new tensions have sprung up in the Malaysia of today. You can get a clue in the various security checkpoints in and around the capital. These are a lot more determined and thorough than a year ago.

Problems undoubtedly exist. Politically there are important splits and squabbles among the United Malay National Organisation (UMNO) politicians and the civil service, one of the best in Asia. Then when he took over places has burst into the open from the Tun in 1970 he set

Pressures

The political question overshadows all the rest because they all to some extent stem from it. In recent years the Chinese and the other minority communities have all had their problems and pressures, but the important question is what happens within the Malay community.

Tun Razak's death from leukaemia caught everyone by surprise, although exactly why this should be so remains a mystery, considering the nature and the seriousness of his illness. It has been universally seen as a serious blow to Malaysia, but if Datuk Hussein can grasp fully and firmly the reins of power he may be able to deal with the difficulties he has inherited.

By any standards Tun Razak was a great man with many achievements to his credit. For years he loyally served Tun Abdul Rahman as his deputy and was largely responsible for building up Malaysia's efficient UMNO politicians and the civil service, one of the best in Asia. Then when he took over places has burst into the open from the Tun in 1970 he set

again for real growth running into double percentage figures, but with the Third Five Year Plan about to be launched, one issue is who is going to get the major share of the benefit of that growth. And then there is the security issue which came to the fore with a vengeance last year when Communist terrorists emerged from their jungle hideouts to bomb the National Monument and even more audaciously to lob hand grenades into the headquarters of the paramilitary policy force in Kuala Lumpur.

Security

Tun Razak did his best so far as institutional questions were concerned. He pushed through a series of draconian laws to try to deal with the security situation. Terrorists and other subversives would henceforth be tried in special courts where they would have to prove their innocence rather than the prosecution their guilt. Prosecution witnesses would be allowed to give their evidence in writing to conceal their identity and evidence could be heard in camera. Moreover, under the new laws, suspected terrorists could not be given bail or released on grounds of insufficient evidence. Judges were deprived of discretion and had to impose the maximum sentence. In an attempt to remove the university troubles, Tun Razak allowed regulations which disbanded all university organisations and prevented political activity or demonstrations in the universities.

But in the last two years the strain began to tell. In 1973 Tun Razak was deprived of his death by Tun Dr. Ismail who was very much a strong man and kept other potential rivals in their place. Datuk Hussein who succeeded as Deputy Prime Minister could not fulfil that role. A spate of problems appeared and the truth is that Tun Razak could not cope with them. There was corruption of a number of leading Malays; there was an outbreak of violent demonstrations at the universities in Kuala Lumpur in December 1974, ironically largely led by Malay students claiming that corruption among the elite was hurting the rural poor; there were distortions to the Bumiputra (the word literally means son of the soil, that is Malay) policy which attempted to redress the UMNO Youth on corruption economic imbalances between charges and almost to the end the Malays and the other communities; there was the resur-

nature. The Prime Minister's He is personally respected some leaders that of envoy to the United Nations. Whenever other people were involved, Tun Razak tried to compromise rather than to face the problem squarely. He shelved his immediate difficulties but only caused them to pile up later for himself and his successor.

The start of the rule of Datuk Hussein did not appear auspicious. On the night of Tun Razak's death, he broke down in front of the cameras and was only able to manage a few words at a time between sobs. He himself has already had a heart attack.

Since then he has shown a remarkable change. The new Prime Minister has asserted himself in the strongest manner. He has staked everything and risked a huge split in UMNO by driving Datuk Harun Idris from his UMNO offices and successfully pressuring the Selangor UMNO assembly members ten days ago to throw the Chief Minister from office. He has given tough instructions to the security forces to stand no nonsense and all in all promises a new regime that will sweep away the corruption that has lately infected Malaysia.

Some observers, particularly foreigners, are jubilant and see a victory already for Datuk Hussein. This is probably pre-

dicted his real battles are in fact just beginning. Victory in the political struggle is a prerequisite, but of itself does not solve all the other questions. Such things as ensuring balanced economic development, the harmony between the races, and defeating the Communist terrorists cannot be done by legislation or by strong-arm measures alone and there are some Malaysians, as for example Untuk Abdul Aziz, the Vice-Chancellor of the University of Malaya and a cousin of the Prime Minister, who fear that the new administration will put too much energy into the campaign to clean up Malaysia that it will either forget or have no time left for vital economic and social matters which need the forcing edge of political commitment and backing.

With that caveat it must be said that the new Prime Minister has a lot in his favour. No one can cast any doubts on Datuk Hussein's integrity. With Datuk Hussein's support there are still a lot of opportunities for all parties to curb the excesses and reassess the Chineses and foreigners of his good appears to be getting there are still a lot of Kevin

In the recent past few leading

figures have emerged from Malaysian politics with the qualities to administer this complex society. Happily, indications are that just one such has succeeded to power.

The political scene

DATUK HUSSEIN ONN, Malaysian Prime Minister, announced that he had chosen Dr. Mahathir as a man of intelligence, principle without consulting his chosen and integrity. He is one man of candidate beforehand. Dr. whom anyone who knew Malay Mahathir indeed told me that he himself did not know of his appointment until an hour after it had been made public. Then Datuk Hussein added, just as to show how heavy his heart was, "I have made my choice and can only pray and hope that the choice is a correct one and that he will be accepted and supported by the country generally."

Perhaps his obvious lack of control of the United Malays National Organisation (UMNO), the leading Malay party within the coalition government and effectively the ruling party.

That emerged clearly when he was picking his Deputy Prime Minister. All the indications are that Datuk Hussein wanted Tan Sri Ghazali Shafee, the former top civil servant and Home Minister, to be his deputy and started making soundings to that effect. But Tan Sri Ghazali, though intelligent and articulate and a forceful character, has never reached the highest standing in the UMNO. Last year in the UMNO elections Tan Sri Ghazali was well down the list in 13th place and a few votes below his own Deputy Home Minister, Datuk Samad Idris. So when the Prime Minister started seeking approval for the Home Minister to be his deputy he was clearly told that the UMNO would not stomach this and that he must choose from among the party's vice-presidents.

For various reasons Datuk Hussein could not get on with Mr. Ghafar Baba, the senior vice-president and Agriculture Minister. Many outsiders also considered him unsuitable on the grounds that he lacked the social standing and dignity of a Deputy Prime Minister—Mr. Ghafar started life as a caddy at the Malacca Golf Club. Tengku Razaleigh Hamzah was next on the list and a man of standing and great charm with the well-merited reputation of being Malaysia's whizkid. But although he was Chairman of Petronas, the State oil company, with the rank of a Cabinet Minister, Tengku Razaleigh had never before served in a Cabinet. So that left Dr. Mohd Razali Mohammad, the Education Minister, who ranked as "frank". A statement was issued claiming that the youth had a reputation as a Malay who had pledged unanimous support "ultra" which Dr. Mahathir himself denied.

On March 18 he summoned a meeting of the UMNO Grand Council and had Datuk Harun drummed out of the party. Datuk Hussein demanded that the vote should be open and not by secret ballot. Then he summoned the leaders of the UMNO Youth Movement whose president was Datuk Harun until he was expelled from the party. They had a three-hour heart-to-heart talk with Datuk Hussein which in diplomatic parlance cracked down on all doubtful elements. On top of this Datuk Harun has his loyal supporters and people whom he has built up and who owe allegiance to him. It would be impossible for him to disown such a person even if he was found guilty of corruption; and if the former Chief Minister plays himself clear of the charges then he

national Sem LUMPUR
ment Oppo
STATEM ALAYSIA
FOREIGN

Crackdown

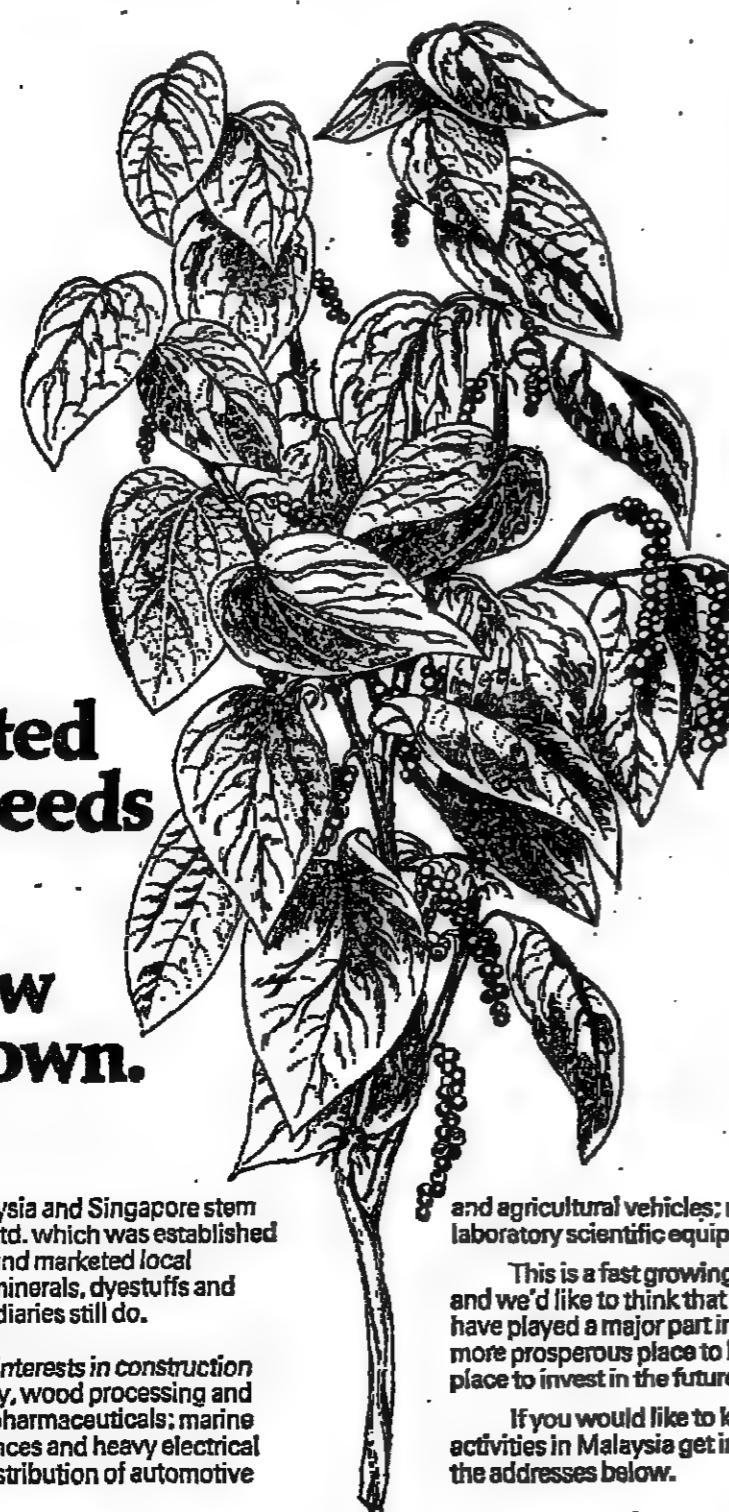
Datuk Hussein I notice that he intends the "total war" down against the C insurgents. His own Brigadier Datuk Ja has been given the task of, and now adjoints, Selangor State; but at night in certain areas there is an unmistakable tension. Open action might play into the Prime Minister's hands in allowing him to detain Datuk Harun under internal security laws.

The Prime Minister's action has caused a great deal of unease within the party. Some of the old guard leaders were unhappy with the expulsion of Datuk Harun and Tun Abdul Rahman, Malaysia's first Prime Minister, openly said so. It was noteworthy that only a handful of the 13 States openly backed the expulsion and one of the notable absents was powerful Perak State. Other leaders would admit that they had diverted money for the purposes of building up UMNO funds and yet others might wonder who would escape if the Prime Minister really set about cracking down on all doubtful

elements. On top of this Datuk Harun has his loyal supporters and people whom he has built up and who owe allegiance to him. It would be impossible for him to disown such a person even if he was found guilty of corruption; and if the former Chief Minister plays himself clear of the charges then he

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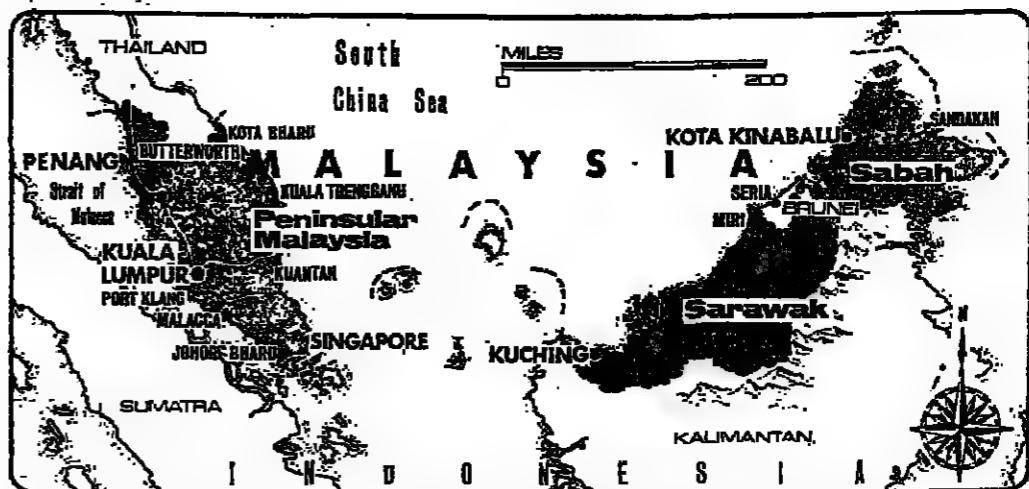
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Well not 150

MALAYSIA III

In the space of a few months—from last autumn to now—predictions for the future of the Malaysian economy have become decidedly more cheerful. It is reckoned that world demand for the Country's primary products is on a usefully upward trend.



Hopes for the economy

"OUR months that inter-term could reasonably be expected to expand by 7.5 per cent. in 1976, and as the momentum gathered, another 1.5 percentage points could be added to the growth rate for 1977," the Bank Negara report predicts.

However, the budget Gross National Product at current prices would grow by 10 per cent. in 1976, and taking account of the rise in population, per capita income would increase by 8 per cent. to nearly Ringg. 2,000.

Looking back on 1975, the last year of the second Malaysia plan, it was also its worst. Real output increased by only 3.5 per cent. compared to an average growth of 7.5 per cent. for the last five years.

The Malaysia economy is very exposed to influences from the rest of the world. With the industrialised countries, and in their way to recovery, increased demand for Malaysia's primary commodities have risen.

Deteriorated

Prices, which were falling around 10 cents per month during the first ten months of the year, began to climb in December, and they averaged 18 cents in January, and 18.5 cents in February.

In industry, which had been easing time last year, export controls by the International Council, is now feeling the f recovery, with prices up in late January. The is much the same with other commodities: timber and oil.

On present indications, Malaysian economy should recover from the recession past two years by the end of this year; then pick up again in 1978. The momentum in the economy should continue, because of sustained demand from overseas, impetus from the Third Plan to be announced.

Private consumption, which will output in physical accounted for more than half through a lot of hassles with cent. in the early 1970s.

TERMS OF TRADE

1970 = 100

1966	107
1967	100
1968	91
1969	103
1970	100
1971	88
1972	79
1973	87
1974	84

Source: DSB

of total domestic expenditure, fell by 2.3 per cent. in real terms, as against an increase of 6.8 per cent. in 1974. This is reflected in the sharp slowdown in income growth, and as can be expected, the sale of durable and luxury goods such as cars, refrigerators, and TV sets, were hit.

Private investment also fell by 3.6 per cent. compared with an increase of 22 per cent. in 1974, and there was a substantial rundown of stocks, especially in construction materials and durable goods.

The hasty, and badly-timed introduction of the sweeping Petroleum Development Act and the Industrial Co-ordination Act, while the economy deteriorated by 18 per cent., resulting in the fall of 4 per cent. in real income last year.

Mainly because of the big drop in imports, the country had a favourable balance of payments of Ringg. 170m. last year for the eighth consecutive year. International reserves increased to nearly Ringg. 4bn. at the end of 1975, but they are now able to sustain only about five months of imports, compared to the 1960s when reserves were able to buy nine months of imports.

Private consumption, which will output in physical accounted for more than half through a lot of hassles with cent. in the early 1970s.

work permits. Bumiputra The most welcome piece of (Malay) participation, and news coming out from 1975 was approval of plans," said one participant.

In the light of a slowdown in the private sector, the Government's fiscal policy was aimed at providing thrust to the public sector, while its tight monetary policies were gradually relaxed to stimulate demand without fuelling inflation.

Public sector investment rose by 8.3 per cent. while money supply increased moderately by 7.2 per cent. to Ringg. 4.35bn. at the end of 1975. Interest rates were relaxed, and the statutory reserves were lowered from 10 to 8.5 to 7 per cent. by the middle of May.

It is interesting to note that while the Malaysian economy was in recession, the banking industry did good business in 1975, and continued to expand. This may appear at first to be paradoxical, but the picture clears up when one is reminded of the tight monetary policies

means under control. Malaysians have developed an inflation psychology, and the anticipated upswing in the economy could lead to another bout of high inflation. Fiscal and monetary policies must therefore be cautious. While Government should create conditions which would allow the economy to take advantage of the recovery in the industrialised countries, and to reduce unemployment, it must watch for inflation tendencies, especially from abroad.

For 1974, commercial banks were allowed to expand credit by only 15 per cent above 1973 (it actually increased by 14.8 per cent), while with the easing of credit restrictions, total loans and advances rose by 16 per cent. in 1975 to Ringg. 6.5bn. Bank deposits also increased substantially, reflecting the overspill of income growth in late 1974, and the increased earnings to similarly foreign investors, and 1974, and the increased earnings to clear the air, the Federal Industrial Development Authority maintained its directive that commercial banks extend at least half their loans to productive

delegates. It appeared that while they were impressed by the purchase of residential homes goodwill and sincerity of and to Bumiputras, as part of Government ministers and the Government's policy to help senior civil servants in attract them in business.

During the year, Bank Negara maintained its directive that commercial banks extend at least half their loans to productive

programme and unattractive prices, should climb again, with the relaxation of production cutbacks, and a better demand from the world's automobile industry.

Timber production is picking up with the upswing in the housing industry in the U.S. and Japan. Output of palm oil is expected to remain high.

Overall growth in the clearly show the declining pre-

dominance of rubber and tin, and the growing importance of

add 2 percentage points to overall national growth.

The outlook in the mining industry is also good. Crude oil production is expected to ex-

port 140,000 barrels daily. Tin Rubber 39 The unions in the Govern-

production, which has been Tin 23 ment services are currently the

falling over the past four years. Timber 9 ones that are putting pressure

should stabilise, or may even ex-Palm oil 3 on wages, and are demanding

bond by a few per cent. to take Petroleum and its 12 implementation of the very

advantage of the good prices, products 5 generous salary recommendations

and relaxation of the export Manufactured goods 12 in the Ibrahim Ali Report.

If implemented, the Ibrahim 9 Ali Report would not only mean

an additional few hundred 11 per cent.

million Ringgit for the Govern-

ment to bear, but would

actually widen income distri-

bution, within the civil service

(with top civil servants getting

as much as Ringg. 2,000 extra

a month, compared to less than

Ringg. 100 for the lowest

grades) and the rest of the

nation's labour force.

Apart from attempting to eradicate poverty, the Third

Plan must concentrate on

attacking a very serious problem

in the country, unemployment.

The recession last year

aggravated the unemployment

situation, and although unem-

ployment is officially put at 7.5

per cent., it is more likely to

be around 9 or 10 per cent.

The Second Plan, while

succeeding in sustaining good

growth rates, and helping the

Malaysian economy to be a semi-

industrialised country by 1980.

Just to hold the unemployment

level at 7.5 per cent., another

800,000 new jobs will have to be

created by 1980, and to bring it

down to 6.2 per cent. as out-

lined in the prospective plan,

about 800,000 jobs will have to

be found.

This is no easy task, but it

could be done, provided there

is proper management of the

country's wide range of re-

sources, willingness to work

hard, and a favourable climate

for private investment,

especially in the manufacturing

sector, where the bulk of the

new jobs are expected to be

generated.

Wong Sulin

Occasion: International Seminar in Kuala Lumpur

27th—29th October, 1975

Subject: Investment Opportunities in Malaysia

KEY STATEMENTS BY MALAYSIAN LEADERS AND FOREIGN INVESTORS

Malaysia's success story is generally acknowledged and a major element in that story is the government's pragmatism and fair-mindedness as well as our recognition of the important role of foreign private investment in our industrial development programme ...

Given the growing and dynamic economy we have been able to maintain a high level of economic growth within the framework of financial stability. Our currency is strong and stable with a foreign exchange reserve backing of more than 150 per cent. The foreign exchange reserves of the country now stand at about four billion ringgit, which is equivalent in value to six months of retained imports at current levels ...

I wish to reiterate and to reassure investors that this law will be implemented fairly and equitably and in a manner that will not affect adversely Malaysia's investment climate and our unblemished record of fair treatment to all investors ...

*Malaysia's petroleum legislation

Keynote Address by the late Tun Haji Abdul Razak bin Hussein, Prime Minister of Malaysia.

We do not practise any form of discrimination when considering projects, whether they are promoted by local or foreign investors. For example in the granting of incentives a critical factor is the contribution of the project to Malaysia rather than the source of its investments ...

Projects that are substantially export-oriented (80—100% export) and which utilize basically imported components and parts are generally allowed to have majority foreign ownership ...

In exceptional cases where 100% export-oriented projects can present a substantial case for 100% foreign equity ownership, such ownership may be approved after special consideration by the Minister of Trade and Industry ...

The industries on which the Government is placing special emphasis are export-oriented, labour-intensive, resource-based, agro-based, high technological-oriented industries, the hotel and tourism industry and industries that are able to integrate with the existing industries ...

Malaysia's incentives programme offers tax-free periods of up to 10 years ...

Other facilities important to investors include suitable land at reasonable cost; free trade zones and bonded manufacturing facilities for export-oriented projects; tariff protection for deserving local industries; exemption from import duties on raw materials and machinery required by deserving manufacturing industries; sophisticated infra-structure ...

Address by Datuk Haji Hamzah bin Datuk Abu Samah, Minister of Trade and Industry.

Malaysia is still a very, very attractive investment opportunity and absolutely, we go ahead with all our programmes.

Address by Mr. David Lindstrom, Managing Director, Motorola Malaysia Sdn. Bhd.

Communications Division.

Training our employees, comprising Malays, Chinese and Indians, went on smoothly and without problems. The progress of our trainees was remarkable, the high quality of the products they manufacture being equal to that of comparable products manufactured in the Federal Republic of Germany.

Address by Mr. Gerd J.D. Zimmermann, Managing Director Economics, Robert Bosch (M) Sdn. Bhd.

It is our considered opinion that the investment climate in this country is good and will remain so in the foreseeable future. Malaysia is a country with a vast potentiality for further development and with a wealth of large resources still to be tapped. From this point of view the country is a most desirable area for investment.

Address by Mr. G. Flaccioni, Managing Director, Italasia Sdn. Bhd.

Why Malaysia? The past and recent reasons still apply:— We have successfully run a business here for years and we were looking for expansion. The incentives offered by Government were attractive, labour is good and at a reasonable cost. There is no problem over the transfer of funds. Malaysia has a history of relative stability. The infra-structure and services are good. It is a pleasant country to live for foreign staff, with reasonable facilities.

Address by Mr. O.B. Wolstenholme, Vice Chairman of the General Electric Co. of Malaysia Sdn. Bhd.

FIDA impressed me as a unique and effective organization to handle so many aspects of investment promotion. The official whom I met was most helpful and efficient, and in the one hour interview I had with him, he gave me more information than I got from one month's stay in ... I stayed only two days in Malaysia, but those two days satisfied me completely. I had decided on Malaysia as the location for our plant.

*another developing Asian country

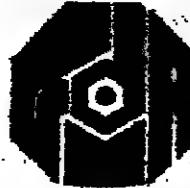
Address by Mr. Michiyoshi Imanishi, Managing Director, Kanematsu-Gosho Ltd.

Booklets providing details on Malaysia's investment opportunities are available on request. In addition you may purchase the full text of the Seminar speeches and the Question and Answer Sessions. Please contact:

Director
Malaysian Investment Centre,
17, Curzon Street,
London W1Y 7FE
England

Cable: Malcentre, London
Tel: 493-0616

Cable: Malcentre,
Dusseldorf
Tel: 3204605/06



Federal Industrial Development Authority of Malaysia

5th & 6th Floor, Wisma Damansara, P.O. Box 618, Kuala Lumpur, Malaysia. Tel: 743633 (20 lines)

MALAYSIA IV

MEM IN MALAYSIA:
Progress through partnership

On February 3rd 1976, M.E.M. Malaysia Sdn Bhd commenced production of electrical accessories and motor control gear at its new training factory on Prai Industrial Estate, Penang.

This is stage one of a vigorous investment programme in Malaysia, a joint venture in co-operation with Malaysian interests.

MEM, exporters of industrial and domestic electrical products to 70 countries, has long been a leading supplier of switchgear, motor control gear and accessories to Malaysia.

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We think that's real progress.

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Reddings Lane, Birmingham B11 3EZ

MEM

DETA
Electrical Division

Political problems in East Malaysia are causing concern. In Sabah a bitter election campaign has fanned racial feeling, and in Sarawak recent events have raised fears about a possible Communist emergency.

IN MANY ways, the current political events in East Malaysia can be seen as the crystallisation of two different approaches taken by the two largest racial groups—the Kadazans in Sabah and the Ibans in Sarawak—in their struggle for political survival.

In Sabah, voters are going to the polls in the country's third and most bitter State elections since joining Malaysia in 1963. In Sarawak, the Iban-based Sarawak National Party (SNAP) is finalising negotiations with Chief Minister Rahman Yakub to join the Government.

But while the Ibans are talking from a position of considerable strength, it is almost certain that the votes of the Kadazans in the Sabah elections will have little impact. Once

the Kadazans will be faced with the choice of either accepting the dangers of Islamism and remaining in the political wilderness, or go through the humiliating process of rejoining the Sabah Government on Tun Mustapha's terms.

When Malaysia was formed, both the Kadazans and the Ibans (who represent 30 per cent and 40 per cent of the populations of Sabah and Sarawak respectively) were confronted with very similar political challenges. The two groups, through their respective parties, were controlling their respective State Governments in the early years of federation, but they fell out of power following differences with other native parties and federal intervention in favour of those parties.

Finding the going too tough in the opposition, the leader of the Kadazans, Mr. Donald Stephens, dissolved the UPKO party in December 1967; joined up with Tun Mustapha, and was converted to Islam, taking the name of Tun Fuad. The election campaign in Sabah has been long and acrimonious and has fanned racial consciousness. While the results will not be known until April 15, it is almost certain that former Chief Minister, Tun Mustapha, and his USNO party will sweep the polls.

There is a sense of gloom and helplessness among the Kadazans, who are still saddled with the leaders who let them down so badly in 1967. Tun Fuad, who quit as Sabah's Governor, to lead the Berjaya party, is counting on the Kadazan votes to put up a good fight with Tun Mustapha, but Berjaya's pretensions of strength were exposed when Ghani Gilang, the Federal Minister of Works, and a vice-president of the party, left to rejoin USNO in the midst of the election campaign.

In the past year, Tun Mustapha has displayed remarkable shrewdness and fighting spirit, beating his Suluk race in overcoming his political foes, some of whom are (or used to be) very influential people in Kuala Lumpur. As opposed to the partisan attitude under the late Tun Razak, the Federal Government, under Datuk Hussein Oum, has taken a neutral stand regarding the contest between Berjaya and USNO, and has indicated that it would accept either party as a member of the coalition National Front, according to the verdict at the time it is certainly on the side of SNAP, and the party is demanding three seats (out of nine) in the State Cabinet—including an Iban deputy Chief Minister—for joining the Government. If he had his way, Rahman Yakub

Considering the strong Ibans movement in the State, the still unanswered question in the Sabah political equation is whether Tun Mustapha will return as Chief Minister. When he resigned last October, he managed to retain full control

of the party and government, other than timber concessions. His return as Chief Minister would be the climax of his policy has greatly benefited one recent political struggle, and group—the bumiputras—the Malays, who form less than a fifth of the population, but who, because of their control of the

they are labour-intensity not suitable for cultivation yet to come. alternative crop or could be grown on a viable basis to farmers.

Even worse, the agriculturists of East who make up a quiet population, have included in the Third Plan. Neither the targets for economy under the First

Chief Minister, Rahman Yakub, but unlike Tun Mustapha, allows himself to be shielded by a small clique of civil servants.

It may sound outrageous, but it is true that the 1.2m Sarawakians are facing land hunger when they live in a State as large as England. This is because the Government has frozen most of the State land. The Chinese

farmers in the State are already facing an acute land shortage because since the days of the Brooke Rajahs, no fresh land Gilang has been set aside for them. Chinese farmers are often owners of the large tracts of land owned by the Ibans (it is fairly common for Iban families to own 50 to 100 acres each, which are large by Malaysian standards). But ironically, for their own purposes, such large acreages are barely adequate to sustain the Iban farmers, most of whom are shifting agriculturists, growing hill rice. Since 1959, the authorities have made it illegal to fell jungle land for shifting agriculture, and the Ibans have been left with whatever land they had before that year. As a result, frequent plantings on the same plots, coupled with soil erosion, led to declining rice yields. The danger signs are already there: in 1967, the Ibans in Kapit and Song faced near famine because of a poor rice harvest; last year such conditions prevailed in Ulu Mukah.

Both the East Malaysian Governments have concluded servants fight and corrupt each that rice and rubber (because

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East Malaysia

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The creation of Pernas, the Government sponsored agency, has run into criticism on a number of counts. The abortive deal with Haw Par apart, the agency is beginning to establish itself as a necessary factor in the restructuring of Malaysian society.

Pernas under fire

LIKE SO many Government-sponsored agencies that were spawned out of the New Economic Policy, Pernas, the National Corporation, has had more than its share of controversy.

To its milder critics, it is seen as an attempt by the Government to intervene in the free-enterprise system in favour of the Malays; to the more hostile ones, it is an agency which unabashedly exploits Government patronage and pressure to get the rich plums of business for the Malays. On the other hand, the Government and the people managing Pernas would like the public to see it as one of the agencies set up to achieve the Government's objective of restructuring society through the creation of a stable and viable Malay industrial and business community. The truth about Pernas probably lies somewhere between those views.

A great deal of fear and mis-

understanding about Pernas on the part of the non-Malays, especially the Chinese, was due partly to the polemics of its first chairman, Tengku Razaleigh (now Finance Minister) and partly because one of Pernas' first ventures was in the China trade.

The Government decreed in 1973 that all imports from China must go through Pernas, which in turn charges a half a per cent "service fee" on the value of the imports. To justify this, the Government claimed that previously, Malaysian businessmen got their China goods from third parties in Hong Kong and Singapore, who charged an even higher commission. However the suspicions of the Chinese were aroused. Some Chinese businessmen, who had been importing China goods directly for many years were angry for what they considered to be paying for a service they did not really need.

Pernas was incorporated as a private company in November 1969, and within this short period, it has grown into a holding company with an impressive range of interests: from investments, steel, and construction,

to insurance and wholesale distribution; from the mining and shipping to manufacturing and advertising. Its paid-up capital is now Ringgit 115m, of which 95 per cent comes from the Malaysian Treasury and the remainder from six other organisations, including Bank Negara (central bank).

Pernas attracted international attention last May when Tengku Razaleigh announced his ambitious but abortive attempt to control Haw Par and London Tin in a shares-swap deal, which was strongly resisted by the Singapore authorities. Tengku Razaleigh's bid has since been proved to be an embarrassing error of judgment, as the Singapore authorities began revealing the malpractices of the then Haw Par management. However, he says he is still very much interested in London Tin, and if he succeeded, it would add much glamour and prestige to the growing Pernas empire.

The Pernas holding company has eight wholly-owned companies, and 36 subsidiaries, in which Pernas holds a 50 per cent or more share equity in 28.

Chia.

"As a rule, we go in for a majority shareholding or a controlling interest in any joint venture," explains Pernas chairman, Tengku Shariman, a soft-spoken administrator, who was "retired in the national interest" at 48, from a senior position in the Prime Minister's department to take over Pernas from Tengku Razaleigh, when the latter was made Petroleum chief in 1974.

Apart from seeking majority shareholdings, Pernas is guided by three other considerations: profitability, the scope for training, employment, and other spin-off benefits for bumiputras (Malays), and whether the project is in a sector of the economy that is of vital interest to the Malays. Thus, when Pernas bought a controlling interest of land in Kuala Lumpur for Mahayasa, the country's largest integrated steel mill, and commercial complex, including a 48-storey headquarters building,

that while there were few Malay distributors of steel products many Malaysians are naturally interested in how far Pernas' bumiputras' plans have succeeded. Very little is known about the overall profitability of its projects, as Pernas do not publish its accounts and Tengku Shariman is reluctant to discuss the financial aspects of the organisation.

Apart from appointing more Malay distributors, for its products, Pernas has set up a chain of wholesale depots. The project is a joint venture with Booker McConnell and is based on the cash-and-carry system where distributors and retailers can go to the company's 20 odd depots throughout the country and buy over 700 varieties of consumer goods at prices cheaper than they can get from other wholesalers. The depots have a turnover of more than Ringgit 24m a year, and more than 6,000 retailers get their goods from them.

An industry which Pernas considers to be of vital importance to the future of the Malays is the tin industry, which is now almost exclusively in the hands of the foreigners and Chinese. (Pernas' interest in London Tin must be viewed in this light.) The company has been given an offshore tin concession covering 15,713 square miles off the west coast of Peninsula Malaysia, and has found tin in two places: Lumut and Malacca. Onshore in Malacca, it has started a small mining operation, producing some 250 piculs of tin a month, while it has partnered the Perak Government in another mining venture in that State. Also, it has joined up with the Straits Trading Company in a Ringgit 40m project, which is now processing ilmenite, a mineral by-product from tailings, into titanium concentrate. In the construction business, Pernas is undertaking more than Ringgit 70m worth of road, construction, for the Federal and State Governments.

Questions on profitability and return on capital aside, Pernas has been given an offshore tin concession covering 15,713 square miles off the west coast of Peninsula Malaysia, and has found tin in two places: Lumut and Malacca. Onshore in Malacca, it has started a small mining operation, producing some 250 piculs of tin a month, while it has partnered the Perak Government in another mining venture in that State. Also, it has joined up with the Straits Trading Company in a Ringgit 40m project, which is now processing ilmenite, a mineral by-product from tailings, into titanium concentrate. In the construction business, Pernas is undertaking more than Ringgit 70m worth of road, construction, for the Federal and State Governments.

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MALAYSIA V

Malaysia does not regret being the first of the Asian countries to establish diplomatic relations with Peking. It has also been working hard to achieve a zone of peace and neutrality in South East Asia and to prevent the establishment of military bases in the area.

Foreign relations

MALAYSIA ALONE of all the communist countries of East Asia has escaped the cursing edge of Hanoi's propaganda broadcasts. Vietnam has attacked us as the "regional man" of the U.S.; it has rude, threatening remarks at the stooges of "U.S.-ism" in Thailand; it ridiculed the Association of East Asian Nations—Indonesia, Malaysia, Philippines, Singapore and—as imperialist; but Malaysia specifically squeaked.

Its silence might be considered the reward for Kuala Lumpur's assiduous pursuit of neutrality. Ever since 1971, after Tunku Abdul Rahman ceased to be Prime Minister, Malaysia has been asking for acceptance of a zone of peace and neutrality in East Asia. The aim is Great Power guarantees they will keep out and not let military bases in the though free commerce is encouraged; the country of the South East Asian away country. Since the Com-

region will be asked to promise not to attack each other and to settle their disputes peacefully. Thus at the same time the scheme—if accepted—would provide guarantees against attack from outside the region (for North Vietnamese worried about U.S. imperialism) and from within (for the ASEAN countries worried about Vietnamese ambitions).

Malaysia worked hard to get ASEAN's commitment to the zone of neutrality, though some of the five are less keen than the others. Thailand, for example, had U.S. bases until this year and the Philippines still has, and some respected commentators say that Manila is happy to play the role of American satellite in orbit round Asian politics. China has provided its backing for the zone, but China is not yet a maritime power. And that is as far as the scheme has got.

Kuala Lumpur feels that the fall of Phnom Penh, Saigon and Vientiane to Communist forces only proves its case. Such defeat is liable to be part of the penalty of putting your trust in military forces from a far-off or the South East Asian away country. Since the Com-

munists took over in Indo-China, ASEAN has made renewed peace overtures, but only been met with a stream of hostile propaganda from a distrustful Hanoi.

Malaysian officials would be horrified if their attitude was taken to mean that they were fellow-travellers or approved of Communism. They consider themselves "genuinely neutral," opposed to Communism, but willing to live in peaceful co-existence.

Problem

They are in no doubt as to the intentions of North Vietnam—Hanoi wants to control all the territory east of the Mekong, that is the whole of what was French Indo-China, and would be happier with Communist neighbours. Malaysia is still waiting for its own ambassador-designate for Hanoi to go to Vietnam. He has been held up for months because of a "lack of accommodation" though Kuala Lumpur thinks that that is genuine problem, in Hanoi.

Malaysia's own attitude towards Communism came out clearly when there was a re-

currence last year of the insur-gency. New tough internal in 1974 Tun Razak, the Prime Minister, was seen in the Press allowing the security forces shaking hands with Chairman greater powers of arrest in the Mao Tse-tung in Peking. That crackdown on suspected terrorists must have caused confusion in the minds of hardline Com-mahathir Mohammad, the mullahs.

But if Malaysia does not think that "people must give Communism in South East Asia serious thought to events in can be defeated by military Indo-China, so that the Com- help from outside, it is looking communist influence will not anxiously for economic help from abroad. The Foreign Minis-

try is planning busily for the Communists operating in Islamic conference in Istanbul Malaysia's jungles are given in May. Malaysia will press the propaganda support from a rich Middle Eastern oil pro-

cessor known to be located duces to step up their help in China. Kuala Lumpur does to poorer nations facing a Com-

not regret being the first of communist challenge. It has high the ASEAN countries to estab-

lish diplomatic relations with the Islamic Development Bank.

Peking. When the ties were established some of Malaysia's Asean partners accused it of interest from the Middle East, but so far not much money.

It is not difficult to pick up hints of disappointment in Kuala Lumpur towards the attitude of the Western nations. Some

Western countries like the U.S. have decided that Malaysia is rich and developed enough to do without economic aid; others short-sightedly think of aid in the battle against Communism as only military aid.

The Government certainly does not hold the view that Malaysia is rich enough to do without aid. Officials claim that the country cannot afford to borrow in the international money market because the interest rates are too high. And they say that the richer Malaysia becomes, paradoxically the more money it needs to keep the pace of development going and particularly to ensure that all the races can participate harmoniously and fairly.

K.R.

A week-long exhibition of British technology which opens in Kuala Lumpur to-day is a sign of the efforts that U.K. firms are making to obtain a bigger share in the Malaysian market.

U.K. trade efforts

KUALA LUMPUR to-day ment in other places too is favour. In the past two years Duke of Kent will limited.

a week-long exhibition. In trade there is still a strong British presence. Land Rover and Bedford lorries are to be held in South East still a mainstay of the transport and the answer of the U.K. system. British consultants are

ment and business to situations that they "don't about the area."

far as Malaysians are concerned, the real test of interest will come not in the exhibition, but with follow-up. After all, they are Japanese are certainly on the South East Asian side, everyone knows it well, and do not bother in for special gimmicks technology exhibitions border the whole time.

British are certainly trying for the exhibition. A of 320 companies will be showing off their goods, which maximum that the exhibitors can cope with. Some back officials in the

theian capital had to inform them that they had their full, and a number of exhibitors have had to be led away. Goods on display include a Rolls-Royce car and a model of the Olympus jet engine. Other

are will range from internationally known household like GEC to small, which may already be good business with potential new to the market.

the follow-up, last year were five British trade to Malaysia, and this other eight are planned.

British commentators at any rate assert that has never lost interest

Malaysia. They will concede that Malaysian exports are not much investment in

but British invest-

would probably show a big gap was narrowed as British exports improved. In 1975, the U.K. statistics say, Britain imported goods worth \$118m. and exported \$115m. worth to Malaysia.

In the circumstances what is more instructive to compare the sudden jump in Malaysian exports and the gradual catch-up of British goods. Malaysia's exports to the U.K. are almost all commodities, which shot up in price in the boom of 1973 and 1974 and did less well last year as the world entered depression. Britain's sales to the U.K. have maintained their shares of Malaysia's exports, with 18, 14 and 7 per cent respectively.

But in the battle for the Malaysian market, the U.K. has done badly. Japan has done well. Its exports to Malaysia had 12 per cent of the market in 1966, and 22 per cent in 1974. The U.S. did well, rising from 6 per cent in 1966 to 10 per cent in 1974. The U.K. slumped—from 19 per cent, the largest share, in 1966 to 8 per cent in 1974.

Malaysia offers a different set of figures, much higher, and ones which show a considerable improvement in its trade in favour of the U.K. In 1969, says Malaysia, its exports to the U.K. were worth Ringg.275m., but its imports were Ringg.465m. At that time the pound being worth about Ringg.7.4, the U.K.'s exports would have been \$83m. and its imports \$37m. By last year, says the Malaysian Treasury's Economic Bulletin, exports to the U.K. had risen to Ringg.590m. or £113.5m. at the rate of exchange of just under Ringg.5.2 to £1; but Malaysian imports had gone up to Ringg.990m., or £192m.

The two sets of figures are £47m. and imports from difficult to compare because of Malaysia's £34m. Over the past few years, according to U.K. trade figures are f.o.b.: the U.K. statistics the trade those of Malaysia c.i.f. Moreover gap remained as the trade the U.K. figures do not include

panded slowly and was £22m. in goods exported to Singapore for 1971 on total trade of £108m. trans-shipment to Malaysia; the Malaysian ones do. Given that

the same value. Then, in 1973, the Malaysians include shipping and freight charges, which in the

doubled to £44m. and Malaysia's U.K. statistics would show in, but British invest-

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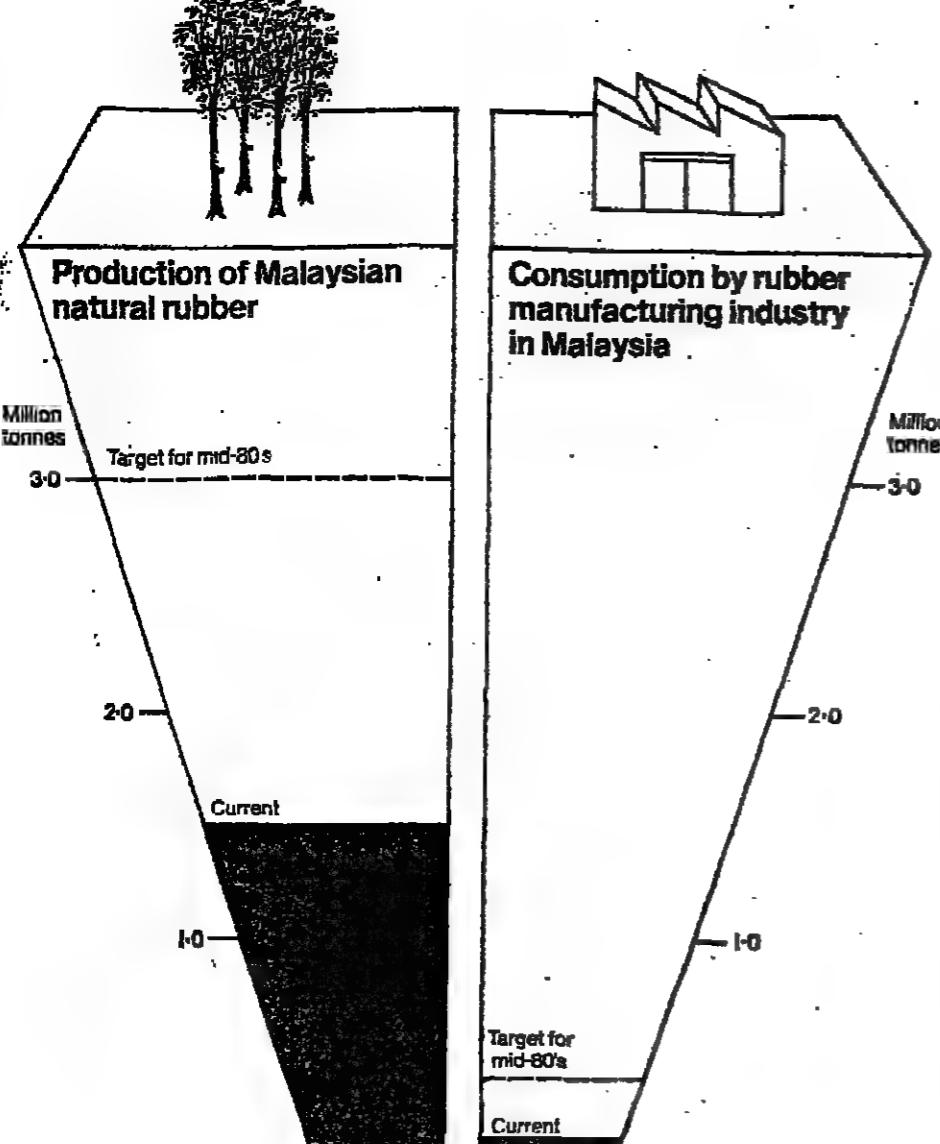
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Grow with Malaysian rubber

A unique partnership of Malaysian and British rubber expertise has made Malaysian natural rubber what it is today: one of the world's most technically advanced industrial raw materials. A notable example of this co-operation is the joint operation of the Rubber Research Institute of Malaysia in K.L. and the Malaysian Rubber Producers' Research Association in the U.K.

Now, as part of the New Economic Policy, Malaysia intends to advance her own rubber-products manufacturing industry into the world league, as has been done already with NR as a raw material.

To this end, Malaysia invites the participation of far-seeing British, and

other manufacturers, offering them active Government assistance and fiscal incentives with the minimum of red-tape, a well-developed money market, industrial estates, a pool of willing and fast-learning workers and technicians, good infrastructure services, roads, airports, communications.

Come and make your products where the rubber is. Partner us to put our rubber-using industries on the map. The scope is gigantic.

For details, enquire from your nearest Malaysian Trade Commissioner, Federal Industrial Development Authority or MRRDB office.

MALAYSIAN RUBBER RESEARCH AND DEVELOPMENT BOARD

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MALAYSIA VI

Considering that it produces a large part of the world's supply of basic commodities such as tin and rubber, Malaysia is well justified in its claim to enjoy a greater voice in international commodity markets. It is taking steps to achieve that representation.

Commodity markets

MALAYSIA IS pushing ahead with its ambitious plan to set up a series of international commodity markets in the capital, Kuala Lumpur. The Government believes it is not enough simply for Malaysia to be the world's leading exporter of natural rubber, timber (tropical hardwoods), tin, palm oil and pepper; it also wants to have a major share in the marketing of these products.

Plans are furthest advanced for a rubber market and the Government believes that Kuala Lumpur rubber exchange is "progressing satisfactorily." The job of looking after the rubber exchange is in the hands of the Malaysian Rubber Exchange and Licensing Board, which was set up in September, 1973, and has overall supervision of the licensing, registration, packing and dealing, and export and shipping of natural rubber.

Last year the Board introduced a continuous price reporting system, a hybrid between the "open call" system used in London and the former whispering system. Under the new rules all spot and futures deals made through the brokers have to be reported immediately to the Board as to price and volume. They are then recorded immediately in the trading room, without the identity of broker, buyer or seller being disclosed. So far the new system has been a success and there are plans to install a computerised on-line transmission network to provide prices, volumes and reports of market trends to members of the rubber exchange via video terminals.

The rubber Board has also tried to attract overseas traders and brokers to Kuala Lumpur. By the end of 1973 there were 142 Malaysian members of the rubber exchange and 28 overseas members, including subsidiaries of some of the

largest rubber dealers in the world. In another move to

publicise Kuala Lumpur the likely to include an exchange physicals market doing the joint rubber Board in October which will operate and regulate pricing and marketing of tin for attracted 400 people from 23 countries to an international commodity and a clearing house to in its annual report comments:

"Unlike real markets, the tin market in Penang is not one

clear and settle contracts. A licensing authority will also probably where buyers and sellers could be established to look after the gather and make bids and offers

production, processing and mar-

ket in an open exchange. Nevertheless

bunches and of palm oil. The organised into a proper terminal

authorities will promote the mar-

ket to provide facilities

as regulating standards of a prompt (cash) and forward

trading."

To this end, the Government

ising export contracts and buy-

ing fresh oil palm fruit, from

has already set up a task force

smallholders

to see what can be done about

tin is another commodity setting up such a market. A

where Malaysia is more than team of consultants will prob-

ably be appointed to assist the

committees have been looking

market. It points out that more task force on technical and super interests

olved and they are expected production of tin metal is sold

Having started with rubber,

palm oil and tin, Malay-
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plan, yet this is only a limited hope to go on to set up

for other commodities

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and greater attraction

for the world market.

Malaysia's

tin market

and tin market

MALAYSIA VII

After rubber, palm oil is now Malaysia's biggest export earner. Its rise to this position can only be described as phenomenal.

Palm oil exports

It is now Malaysia's biggest export earner, and its rise to this year, it expects to export a quarter million tons of oil, and

palm oil exports to only Ringgit 150m. Last year, exports were equivalent to 16% of the country's

Just as the 1920s and were the decades for when rubber trans- the Malayan economy, and the 1970s are es for palm oil. It has and strengthened agricultural and base.

It is now grown on acres in Peninsula and it is turning out a most suitable sub- or rubber in labour- st. Malaysia. The crop over 140,000 acres in Sarawak (which its first palm oil of 325 tons in 1974) 40,000 acres planted crop, and the State Development Board aim oil mill to process that will be coming using quantities from

yield

It is basically an up, thousands of individuals are earning a good on oil palm under the Land Development

s. FELDA's schemes the private estates begin to switch from oil palm in the early to-day. It has opened up under oil palm to 260,000 under

The authority is now its biggest single palm

not applied to join FELDA in large numbers," said Raja Alias, who also pointed out that the proven success of the schemes now attracting India, China and Japan. Nevertheless, Malaysian authorities feel that there should be more supervision over the way the industry is moving, and a Bill setting up a palm oil registration and licensing authority (PORLA) to regulate production and exports is being drafted.

The present going is certainly good for Malaysia's oil palm growers — whether on their estates or with FELDA. But there are ominous signs of trouble on the horizon. Mere than a quarter-million acres will be planted with oil palm in the next five years, and even-based on present acreages, production is expected to double to 2.1m. tons by 1980. Malaysian planners will have to consider seriously the prospects of over-production and falling prices during the 1980s.

U.S. market

Palm oil exports have made such heavy inroads into the U.S. market in the past two years (400,000 tons from Malaysia in 1975 alone) that the American soybean lobby is putting pressure on the U.S. Administration to impose duties and/or quotas on palm oil.

Pressure is also being applied for the U.S. Administration to influence the World Bank and Asian Development Bank to reconsider their loan commitments to financing Malaysia's oil palm projects. Ironically,

it was the American authorities in the late 1950s who were encouraging the Malaysians to grow oil palm as its agricultural diversification programme.

Malaysian authorities are not unduly worried about the threats from the U.S. soybean lobby. Palm oil is able to penetrate the U.S. market not only because it is cheaper, but also because it is cheaper, but also unlike soybeans, its supplies are more elsewhere, and they have

W.S.

Tin, another of Malaysia's major primary resources, has lost some of its shine in recent

years. However, the hope is that this mineral will remain a trade mainstay.

Long-term tin problems

COSTS of production led sales resulting in many "marginal" tin mines since 1975

the outlook is now

brighter, the industry

with diminishing increased competition and continued escalation in costs, especially imported machinery

time now Malaysia

able to produce con-

tures that the "floor

International Tin

at \$M900 a picul

raised to \$M550 at

a Council in March

the actual cost of

for many miners

Malaysia is still

ed to be one of the

in producers in the

demanded for tin at a

ebh, and the market

is supported by heavy

the Tin Council

is to remove surplus

mean that the price

could not be

more realistic level

agreed last month

makes a compromis-

ment decided on after a

argument between

and producing

that any increase in

ment's "floor" price

reached at a time when

tin stocks are in force, and

stock is still holding

quantities, was

of the kind of cost

facturing tin producers

ton world that has

mining particularly

as a result of the pres-

been the choice of

tin pump mines and

edges in Malaysia

's, and the threat of

down hanging over

tin mines. To try and

marginally increase

tin period the Malay-

ment instituted a

"pool" with a per-

the export quotas

et aside to meet their

recent need. But the

amount of help that can be given has been limited by the severity of the cutback in export quotas needed to keep tin prices from breaking through the Tin Agreement "floor" level and the reduction of revenue in real terms as a result of depressed demand.

Naturally as the world's biggest producer, accounting for some 30 per cent of total worldwide output, Malaysia had to bear the brunt of the cutback in sales agreed by producer members of the Tin Agreement to keep market prices up.

Sensitive

Recognition of the special problems confronting the gravel pump mining sector in Malaysia, which is particularly sensitive to cost pressures, was given by the Tin Council in deciding the export cutbacks. Last summer, for example, when a recovery in demand appeared to be likely export quotas were specially relaxed so that aid could be given to the marginal mines in Malaysia, and it was from these attitudes to commodity agreements, and its definite decision extra sales that the "hardship pool" was formed. But the Tin Council's appeal to China to sign the tin pact does suggest a better demand to surpluses materialise, and the surplus supplies that built up as a result proved almost fatal to the stability of the Tin Agreement.

At the same time the increased flow of sales of Chinese tin which did much to depress prices in 1975, appears to be coming to an end and sales in 1976 are so far back to the normal lower level. Whether this is a result of the Tin Council's appeal to China to regulate its sales, or whether that the extra tin is no longer available, is not known. But the reduction in sales should help stabilise prices. In addition action against smuggling of

Burmese tin has helped to reduce supplies from this source. With signs of a recovery

there are distinct hopes of a sufficient recovery in demand this year to clear the heavy

reserves need. But the

Lloyds Bank Group now in Malaysia.

Lloyds Bank International are pleased to announce the opening of their Representative Office in Malaysia.

The new office in Kuala Lumpur will be responsible for the development of the business of the Lloyds Bank Group in Malaysia and further extends the wide range of financial services which Lloyds Bank International is able to offer in this important area of the Pacific Basin: LBI is already established in Australia, Hong Kong, the Philippines, Singapore and Tokyo and is represented in New Zealand.

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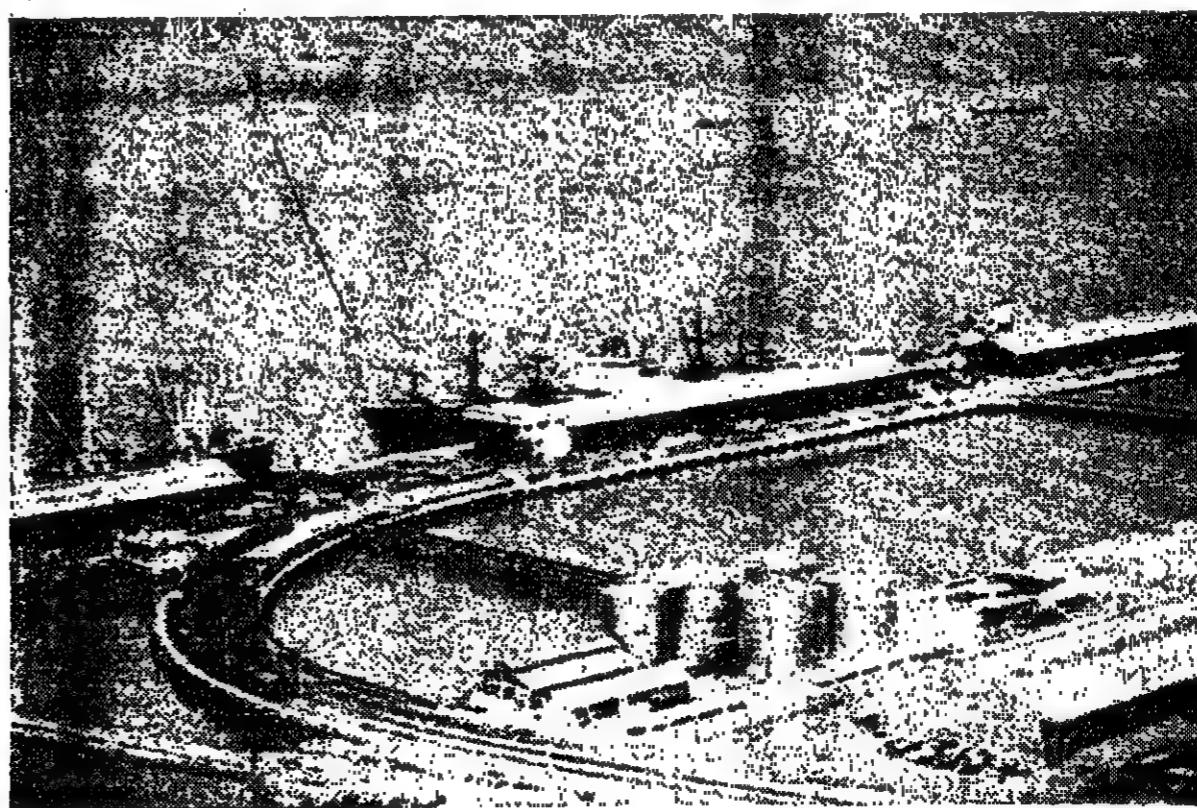


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JOHORE PALM OIL BULKING INSTALLATION—A FELDA JOINT VENTURE

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FELMA (Felda Marketing Corporation) its Marketing Arm handles the marketing of FELDA's Palm Oil and SMRs from Kuala Lumpur and through its overseas offices in London and San Francisco.

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MALAYSIA VIII

With its big interest in the natural rubber market, Malaysia may be forgiven for seeking to establish some form of regulated price mechanism. At the moment, however, the price of the commodity is favourable, making other world producers reluctant to join the campaign.

The price of rubber

MALAYSIA'S RUBBER authorities are somewhat apologetic, embarrassed, and concerned at when prices were the lowest in many years. Nevertheless, the price stabilisation plan, one of the slow pace in implementing the plan for the international stabilisation of rubber prices. Officials admit that it is difficult to make better progress while rubber prices, at their current levels, are so good. And in the first instance, the other rubber producing countries were not too keen on summing countries to join in later of the biggest natural rubber

plan, which was put forward when prices may then be work-

ing in their favour

Malaysia's persistence did get

many years. Nevertheless,

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of the slow pace in implement-

ing the plan for the interna-

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tion of rubber prices.

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to make better pro-

gress while rub-

ber prices, at their cur-

rent levels, are so good.

And in the first instance, the

other rubber pro-

ducers — Malaysia, Thailand

and Indonesia — are ASEAN

members, not to mention Singa-

pore, which is a big rubber

trader, the ASEAN endorse-

ment was a big psychological

boost.

There is a good chance that

the plan will be adopted by the

ANRPC ministerial council over

the next couple of months, and

the real test will come then.

Implementing the rubber plan

will be more difficult than

managing the international tin

buffer stock, because rubber is

a bulky, perishable commodity

with many grades, and also the

mechanism for the ANRPC plan

is more complicated and

more difficult to supervise than

the international tin agreement.

Basically, the plan calls for the creation of an international rubber stockpile of some 100,000 tons to be purchased and kept by members in proportion to their contributions to the ANRPC budget. At the same time, if the rubber price falls drastically, the member countries would take individual steps in reducing the amount of rubber in the market by cutting production, or keeping larger stocks (the so-called "supply rationalisation measures".

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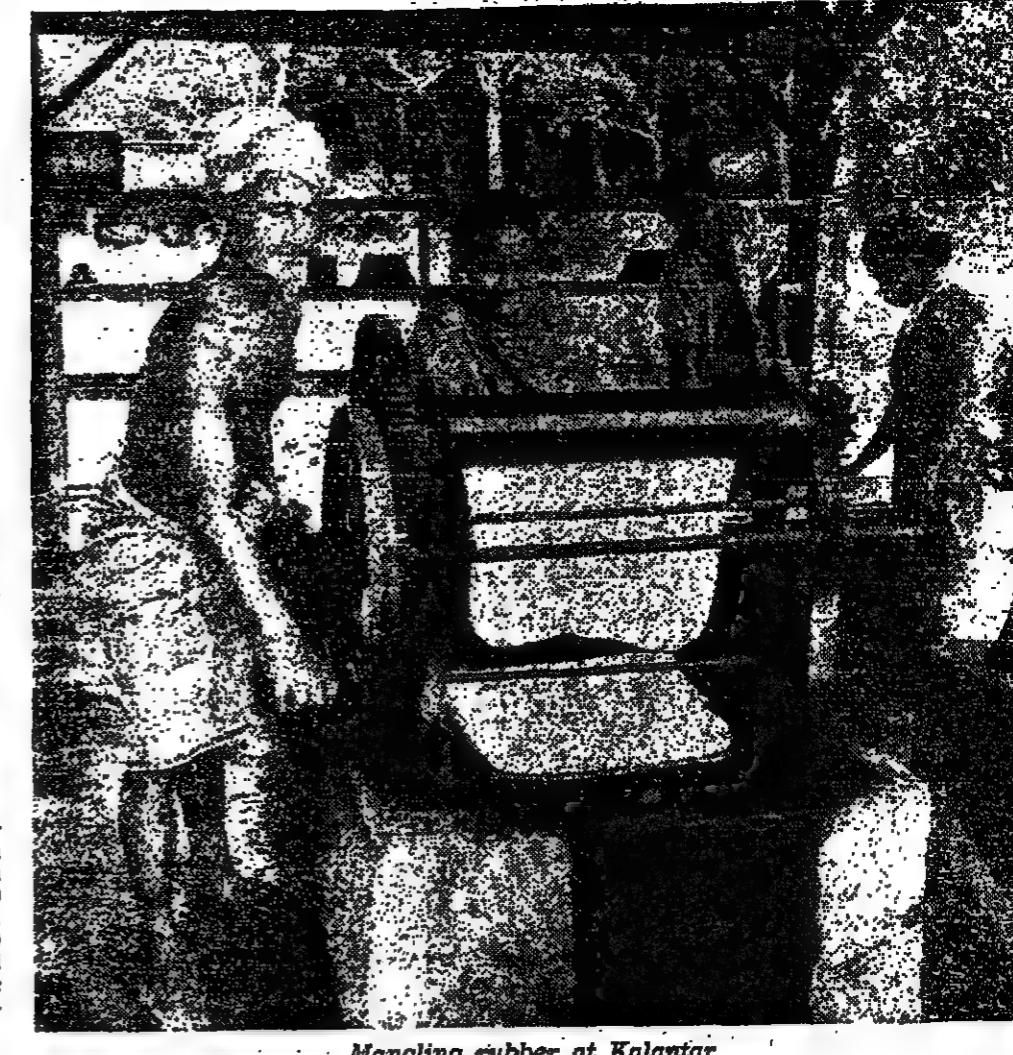
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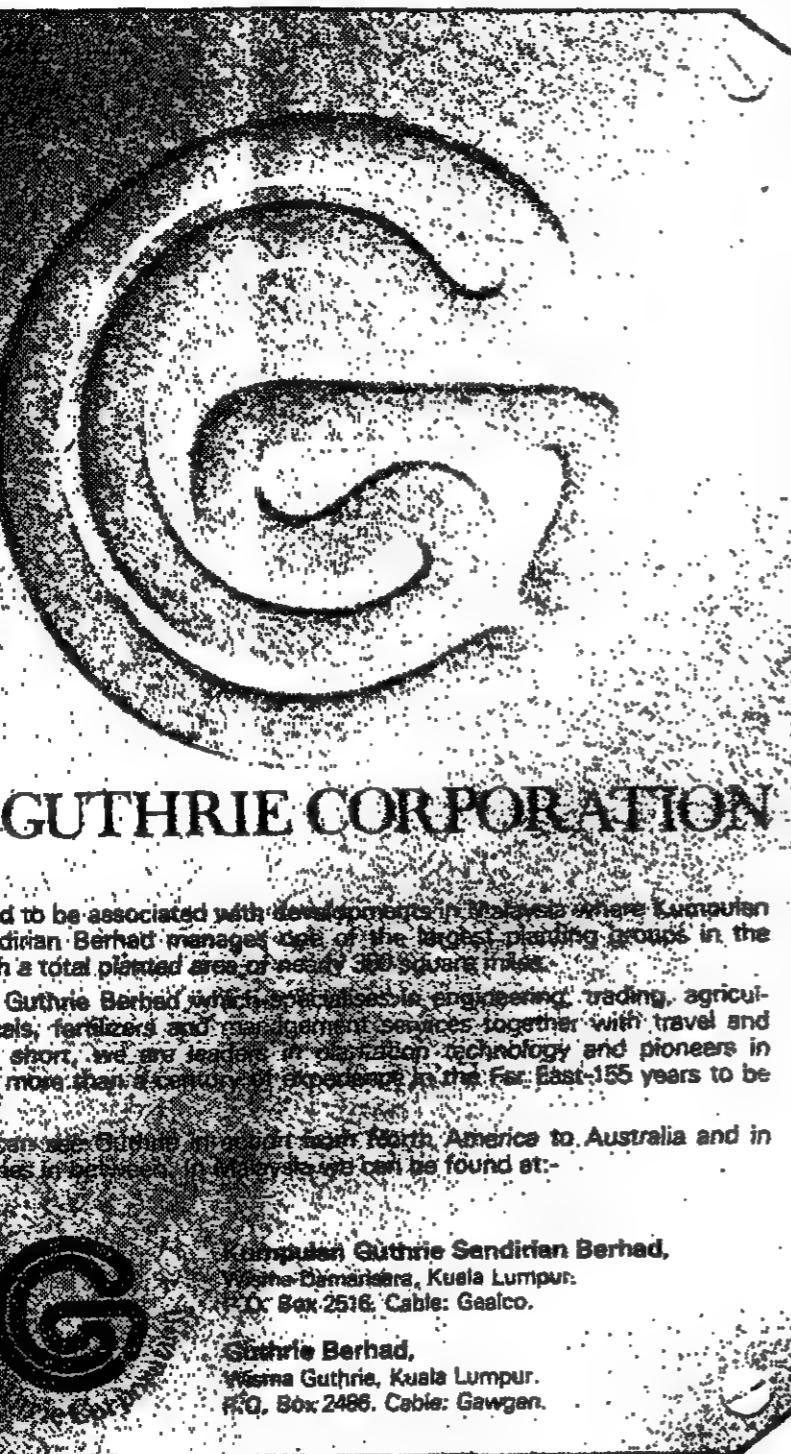
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more difficult to supervise than

the international tin agreement.



Mangling rubber at Kalantai.



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Vital

For Malaysia, the world's biggest natural rubber producer, the price stabilisation plan is vital. The authorities have not forgotten what it was like facing the anger of the farmers during November-December 1974, when the sharp fall in rubber prices brought thousands of them along with students, to demonstrate in villages and in the streets. Malaysia is confident that the price stabilisation plan will work because of its experience with its national crash programme, announced soon after the farmers' protests.

The crash programme succeeded in pushing up prices to a tolerable level and staved off further rural unrest, but it was solely a Malaysian effort, which

benefited other producing countries. It was done with considerable sacrifices from the estate sector, which had to cut production, and the rubber traders who had to keep additional stocks. The rubber statistics show that, mainly because of the crash programme, the estates suffered a drop in production of some 50,000 tons last year, from a production of 630,000 tons in 1974.

Rubber, of course, no longer plays such a dominant role in the Malaysian economy. Ten years ago, it accounted for 40 per cent of the country's total exports. To-day, it forms only 20 per cent, and its position will continue to decline as the country's economic base expands.

However, the industry is still, and will be for many years to come, the lifeline of Malaysia. Fully a quarter of the country's labour force is in some way or other dependent on the industry, and a large percentage of the 300,000 rubber smallholders and the 200,000 estate labourers are included in the poorest income groups.

The rubber smallholders and estate labourers are among those expected to benefit from the Third Malaysia Plan. Their economic problems are staggering. More than 85 per cent of the smallholders are subsisting on uneconomic lots, and the Government has found out that the poorest of them—those owning less than three acres—have not really benefited from the rubber replanting grants, because they cannot afford to lose part of their income while waiting for the replanted trees to yield.

Unemployment is high among the estate labourers, most of them Indians, as their employers continue to shift to less labour intensive palm oil, and their children find it difficult to get jobs in the towns because of their educational and racial backgrounds.

Those smallholders who have replanted are now getting two

or three times more rubber holders, the price differential marketing conference in from their high yield trees. But between their quotations and Kuala Lumpur last October, and Government figures on the number of the private dealers was it has recently installed a computer to relay transactions

between rubber following the discovery of rubber, have proved to be suspect about 18 per cent of the smallholders, and the acreage of replanted smallholders are given Ringgit 150 in Government grants for every acre of replanted trees, and it has been discovered that replanting officers, land officers and contractors have been swindling millions of Ringgit

from the Government by falsifying replanting work done.

So far, the National Bureau of Investigation says it has evidence that at least Ringgit 150m have been misappropriated, and thousands of smallholders, who were officially recorded as having replanted their trees, had actually not done so. Abuse in replanting grants has been an open secret in the rubber industry for a long time, but the extent of the scandal shocked many people.

To ensure that the smallholders get a better price, the Government has liberalised its rules, and now has 143 ordinary members and 28 associate (that is foreign) members, including some of the biggest British, Japanese and American rubber

agencies. The volume of smallholders' rubber is increasing, but it will provide more competition and in the process, ensure that smallholders get better prices.

Foremost

Malaysia is pushing ahead with plans to make Kuala Lumpur the world's foremost rubber exchange and licensing board. The Malaysian Rubber Exchange and Licensing Board has liberalised its rules, and now has 143 ordinary members and 28 associate (that is foreign) members, including some of the biggest British, Japanese and American rubber agencies. The costs of shipping is matter of serious concern to the rubber industry, and various other alternatives to the present conference line system is being studied, including the possibility of an ASEAN shipping line.

Wong Sulong

Timber has for many years made a useful but little publicised contribution to the Malaysian economy. Recession has cut into trade, but the long-term prospects are sound.

TIMBER, AS a commodity, has long been an important contributor to Malaysia's exports, making up a steady 12 per cent or so of earnings over the past decade. Timber, manufactured into wood products, is beginning to make an impact on the trade figures. The Government has ambitious plans for both.

As to the figures, last year provided a setback because of the continuing recession in the West, which up-set demand in the building and construction industries. Production of saw logs fell in 1975 by an estimated 20 per cent, to just over 15m. cubic metres, and production of sawn timber declined by 3 per cent, to 2.5m. cubic metres.

Exports fell further. Earnings from saw logs fell by nearly 40 per cent, to Ringgit 62m., and those of sawn timber by 17 per cent, to Ringgit 35m. The price of saw logs had fallen in 1975 to Ringgit 98 per cubic metre, a drop of 18 per cent, while that of sawn timber fell by 7 per cent, to Ringgit 233.

Quotas

Malaysia's exports of saw logs were also hit because Sabah, which normally contributes more than 80 per cent of saw log exports from Malaysia, was affected by the export quotas imposed by the South-East Asia Lumber Producers Association. Last year, Sabah's log exports were about half of Malaysia's total. In the last quarter, however, the quotas were increased because of signs of a revival of construction activity in Japan, South Korea and Taiwan, the major markets for saw logs. Only loggers from Sabah are affected by the quota.

Wood products have grown to account for more than 12 per cent of manufacturing production and 15 per cent of exports of manufactured goods. The actual figures are still small compared to the major commodities; for example, exports of wood products in 1974 were only Ringgit 1.25bn. Last year was also a bad year for wood products, the production of which fell by 14 per cent and exports by about 30 per cent. The Government blames the recession in the importing countries.

but the snag is that, the Government is working hard on its reforestation programme and 283,000 hectares have been planted by the Forest Department, including local species of seedlings. (This is not even 15 per cent of the 2m. hectares of Peninsular Malaysia which are estimated to be affected by commercial exploitation, soil erosion and shifting cultivation.) With these reservations, Malaysia should be able to increase the contribution of timber to the economy. The whether to compel private

CONTINUED ON NEXT PAGE

Extension

He also expressed great hope for an extension of pine plantations for use by the paper and pulp industry. The advantage is that a yield of up to 10 tons an acre can be obtained in the relatively short time of 12 to 15 years. That compares with 50 or 60 years it takes some hardwood species to mature.

Malaysia is among the many countries encouraged to seek for oil following the price bonanza touched off two years ago. But the international character of the oil industry imposes conditions on hopeful producers which are not always easy for an emerging nation to fulfil.

Quest for oil

MALAYSIA IS in the middle of tough oil negotiations with the major international companies, which could have widespread repercussions not only for the country's oil future—though that is important enough—but also for the future of all foreign investment in Malaysia.

There has already been one clash, which provoked Exxon to stop its exploration and development work last May. It has since resumed, but that action alone may have set Malaysia's oil quest back by a year or more. But it did more than that: it set Western foreign embassy commercial sections fluttering and foreign investors wondering if they were safe to come to Malaysia. Official reassurances have been given strongly since, but the oil talks remain a test.

The reason for the foreign anger and concern was an amendment last year to the 1974 Petroleum Development Act, which set up Petronas Nasional (Petronas), the national oil company. The amendment decreed that oil companies must have two categories of shares, Ordinary shares and management shares. The management shares would be issued only to Petronas and would be at the rate of one management share for each 100 Ordinary shares. Management shares would rank pari passu with Ordinary shares for dividends, and for all other matters except one.

The amendment said: "The holder of management shares of a relevant company shall be entitled either on a poll or by a show of hands to 500 votes for each management share held by him upon any resolution relating to the appointment or dismissal of a director or any member of the staff of the relevant company."

That, said the foreign companies, would in effect give Petronas effective control of any oil company and was tantamount to nationalisation without compensation. Petronas subsequently pointed out that the section of the amendment applied only to marketing and distribution of petroleum and petrochemicals (where Shell and Esso are involved) and not oil exploration. Nevertheless, the foreign companies saw an unhappy precedent, an API of between 35 degrees

and 40 degrees. Daily production has been pushed up from less than 100,000 barrels in 1974 to 740,000 today and an expected 130,000 for 1976 and 200,000 target for 1980. As a measure of their inexperience, last year officials optimistically forecast 500,000 barrels a day by 1980. The fields are much easier to get at than those of the North Sea because of the shallower continental shelf, but the finds so far have proved smaller because of numerous faults.

At the moment only two companies, Shell, with companies in Sarawak and Sabah, and Exxon are bringing in oil; six others including Mobil, Conoco and Aquitaine have been given concessions and there are other areas to be let out. Even by 1980 only Shell and Exxon will actually be producing oil and Shell, which has longest experience of Malaysia, will continue to dominate the market. In 1974 Sarawak Shell was producing 87,000 barrels a day and Sabah Shell 13,000, against not quite 4,000 from Exxon.

Malaysia also last year produced 37bn. cubic feet of natural gas, of which 35bn. cubic feet, all from Sarawak Shell, was for commercial use: the rest was used internally for lifting crude or burnt off.

Its oil discoveries have already made Malaysia a small net oil exporter and made a considerable contribution to export earnings. Because of its sweetness Malaysian oil commands a premium over Middle East oil. For the same reasons Malaysia imports considerable quantities of heavier duty oil from the Middle East, mostly from Saudi Arabia and Kuwait. Last year, for example, imports were 19m. barrels and exports 24m.; by 1980 Malaysia hopes to export 44m. barrels a year. Just under half of the oil goes to Japan and the rest to Singapore (just under 20 per cent.), Thailand (15 per cent.), the Philippines and the U.S. Export earnings last year from crude and partly refined crude were estimated by the Treasury at Ringg 734m. Given higher production and more downstream processing, Malaysia hopes its oil earnings may well come to rival the traditional agricultural and mineral commodities like rubber and tin.

The oil off the Malaysian coast is similar to that of Indonesia, that is with a low 0.1 per cent sulphur content and with a density of 35 degrees. Another experiment which

What seems to have happened now is that the disputed clause will be quietly forgotten, though Petronas officials say it will not be deleted. Petronas will take shares in the marketing companies in a more normal way. However, there may be pressure in Cabinet for removal of the clause, particularly from rivals of Tengku Razaleigh Ramzan, the Finance Minister, chairman and chief executive of Petronas, and the mastermind of the Act. His rivals claim that Tengku Razaleigh got the controversial amendment through the Cabinet when the then Prime Minister, Tun Razak, was away, and that he needlessly damaged Malaysia's international reputation and threatened investment.

Interim

For the moment the oil companies, Shell and Exxon, are continuing with the exploration under an interim agreement which gives them 7.5 per cent. of the gross sales plus an undisclosed sum for expenses, although I understand that altogether the companies are getting about 40 per cent. of the gross sales value of the oil. Petronas expects that when the final production sharing agreement is made it will have to pay the oil majors extra for revenue foregone during the interim period which they were entitled to under the production sharing contracts. Under the interim agreements Petronas is earning Ringg. 100m. a month from oil.

Neither officials nor any of the oil companies will disclose the state of the negotiations, apart from saying that the bargaining has been hard. At the final crunch, though, the Malaysian agreements will be similar to the agreements between Indonesia's Pertamina and the oil majors (but probably slightly less favourable to the oil majors). The fact that Pertamina is also trying to get extra money out of the companies makes the negotiations more tricky. Petronas officials say there has been no collusion with Pertamina in this "hard question of dollars and cents."

The oil off the Malaysian coast is similar to that of Indonesia, that is with a low 0.1 per cent sulphur content and with a density of 35 degrees. Another experiment which

Proviso

With that proviso Petronas should have plenty of room for operation, and plenty of money. Of the oil money 5 per cent. each will go to the State in which (or off whose coast) the oil is discovered and to the Federal Government. After the cost of production has been deducted and the international companies have had their split—probably a two tier split on a 70:30, 85:15 basis in Petronas' favour—the rest is left to Petronas, subject to a 50 per cent. income tax.

The company is still trying to work out its future programme. Officials said they were interested in plans to build a 6m. tons annual capacity liquefied natural gas plant at Bintulu in Sarawak. The proposal for the plant costing \$US1.2bn. was first made by Shell more than three years ago, but has been delayed by squabbles between the various Governments.

Petronas expects soon to appoint a team of consultants to carry out a masterplan for the short term to 1985, and then to the year 2000. When the consultants are appointed their study is expected to take a year, so it will be at least that long before Petronas begins to get into its stride. But both it and Malaysia will be much more blessed with oil money than in the old days when they got an average 8 per cent. royalty payment from the international companies on the old oil concessions.

K.R. Kevin Rafferty

Timber

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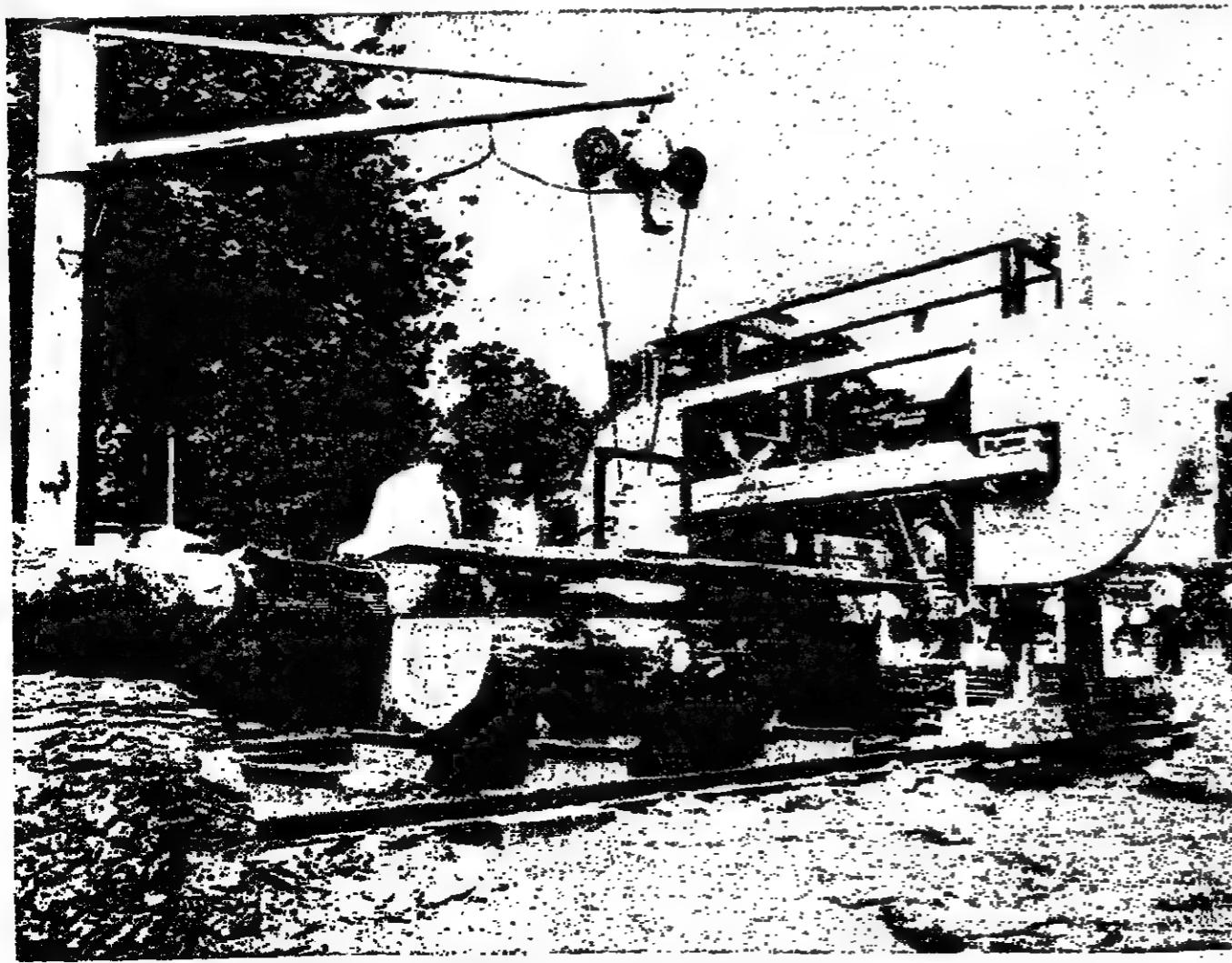
loggers to do their own felling both more regular services and lower freight rates.

New Zealand experts have also been asked to conduct a Ringg 1.5m. survey in the west into the end uses of timber. This is because at the moment only about six of nearly 50 commercially viable varieties of trees are being exported. Malaysia and the other countries of the region are anxious to see whether they can encourage the use of new species of trees.

Another experiment which

might prove profitable is the use of old rubber trees for timber. Rubber wood is used in Malaysia for wood chips, and for use in furniture components and block board. Officials believe it would also be suitable for wall paneling and parquet flooring. If the research into rubber proves viable, given that Malaysia has 45m. acres of rubber which are replanted every 20 to 30 years the country could have an extra 3m. tons of timber a year.

K.R. Kevin Rafferty



A Forester machine aimed at reducing the time taken to saw logs which is on display at this week's British Technology for Malaysia exhibition. It is made by Forest and Sawmill Equipment (Engineers) of Wandsworth, London.

PETRONAS

PETRONAS, the Malaysian National Oil Corporation of Malaysia, is a joint venture between the Government of Malaysia and the Royal Dutch/Shell Group of Companies. PETRONAS is responsible for the development and control of all matters concerning the use of oil. We are concerned in every aspect of the oil industry, including exploration, production, refining, petrochemicals, fertilizers, manufacture and marketing, and overall supervision of the development of the oil industry.

PETRONAS NACIONAL BERHAD
PETRONAS

Bangunan PETRONAS, P.O. Box 2444, No. 1-38 Jalan Perdana, Kuala Lumpur, Malaysia.

Points worth noting about Malaysian timber.

Point: The Malaysian Timber Industry Board coordinates the activities of more than 1,000 organisations involved in and related to timber and processing of timber and timber products from Malaysia. The State's lumbering department is responsible for GNP and revenue, the timber industry involves \$7.320 million a year. The Board also has control over the various activities of the timber development industry.

Point: We provide comprehensive information to the industry—including advice on timber utilization, quality control, shipping and worldwide marketing intelligence. In addition, we publish regular newsletters and journals, plus a digest of all organisations concerned with the timber industry.

Point: We are the largest single timber market in the world, with a market value of \$1.5 billion. The government has a 50% stake in the industry.

Point: We have over 200,000 hectares of land available for timber growing.

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MALAYSIA X

The country's leaders and...



Tengku
Razaleigh Hamzah

Tengku Razaleigh Hamzah has the widespread reputation of being "the Father of the Bumiputra Economy." If that suggests someone elderly with his life already behind him, then he is precisely the opposite. In bearing, outlook and career prospects, he is also Malaysia's "whizkid."

Still a week short of his 39th birthday, Tengku Razaleigh is to-day his country's Finance Minister; and he has not yet relinquished posts as chairman of Petronas, the national oil company, and of Pernas Securities. He is a vice-president of the ruling United Malays National Organisation and many tipsters will be bitterly disappointed if he does not become Prime Minister before too long.

He is the son of a former chief minister of Kelantan State. He graduated with an economics

degree from Queen's University, Belfast, and then went on to read for the Bar at Lincoln's Inn, but was summoned home on the death of his father without being called.

He pitched into politics on behalf of the UMNO when it was in opposition in Kelantan. He quickly came to the attention of Government leaders as a man of intelligence and energy. He really made his mark with Tun Razak, and when the Tun became Prime Minister in 1970 his career took off.

Mission

In 1970 he was promoted to chairman of the Bank Bumiputra, which the Government is encouraging in the hope of building a strong Malay bank (the largest local banks are run by Chinese.) He also became chairman of Pernas, a body set up by law in 1969 but largely inactive until Tengku Razaleigh came on the scene. He led a trade mission to China in 1971 and secured for Pernas a monopoly on trade with China. He used the Pernas group as a means of gaining greater bumiputra control of the economy by buying other companies. When Malaysia decided to set up a State oil company he was made its head. In 1974 he became a vice-president of UMNO. Since 1970 his record has been of one success after another.

But he has critics, who have their doubts about him. They accuse him of being "apashid" and being in too much of a hurry. This trait came to the

fore in his abortive negotiations to link Pernas with Haw Par, a simple confidential telephone call to the Singapore authorities should have told him how close Haw Par was to official action there. Foreign commentators are particularly critical of his one man whose name evokes strong and conflicting reactions. A Federal Malaysian Minister says this of him: "He has such a powerful personality that it is difficult to be objective about him. You either love him or hate him." And over the years the myths and the facts about the man have merged.

Tun MUSTAPHA, of Sabah, was born 35 years ago in the Kudat area in the northern tip of Sabah, and asserts he is related to the Sulu Sultans (as indicated by his title "Datu"), but his detractors pour cold water on his claim.

He is a self-made man. A member of the Tausug tribe, the fiercest of the Suluk groups, he started as a house boy at the age of eight with one of the then British residents. After two years of education, he moved on to be an office boy, and then as Opium Clerk (opium smoking was legal under the British in those days, and opium licences were a major source of revenue).

During the Second World War, Tun Mustapha showed his leadership potential. He fought the Japanese as a guerrilla, was appointed to a senior Cabinet post because he was an leader in the Sulus, and UMNO vice-president, but has attended the victory celebrations in London. Promotion to Native Chief came in 1951, and as the Malaysia merger was taking shape, he was cultivated by the British and Kuala Lumpur authorities as a Sabah high living is well documented.

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Religious

Politically, he projects himself as the champion of Islam, and his United Sabah Islamic Association claims success in converting 100,000 Sabahans, although his methods have brought cries of religious persecution from Christian groups.

At various times in the past five years, Tun Mustapha has toyed with the idea of becoming Sultan, or taking Sabah out of Malaysia. A wide circle of West Malaysian politicians and royalty have loyalties to him, and given a fair chance, he could have a go at the Prime Ministership. Tun Mustapha resigned from the position of Sabah Chief Minister in October, but no one who has been to the state doubts that he still runs the show. With his victory at the current State elections almost assured, the 700,000 Sabahans will have to live with his authoritarian rule for quite some time. Tun Mustapha does not deny he is a dictator.

"As far as I am concerned, whether one is a dictator or not depends on whether those opposing me are brave men or cowards," he says. K.R.

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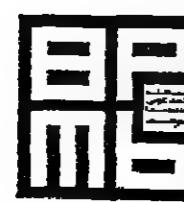
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P. P. Narayanan

P. P. NARAYANAN, the president of the Malaysian Trade Union Congress, is not only the country's most prominent union leader, but also a budding capitalist with a bank, rubber plantations and a textile mill under his control and plenty of ambitious plans for expansion of his empire.

He tells the story himself: "When the bank was being opened the Prime Minister came up to me and said: 'I think I can call you a capitalist.' I replied, 'If I were not I would not know what the — were up to.'

It fits in well with the personal philosophy of the 53-year-old Mr. Narayanan that the National Union of Plantation Workers, of which he is full-time general secretary, has set up the Malaysian Workers Bank, the National Multi-Purpose Co-operative Society and the Great Alomioners Trading Corporation which runs the textile mill in a joint venture with the Indian Lakshmi Textile Exporters group and has plans for a daily newspaper and container and viscose making factories — as a start.

Aspirations

"For too long the unions have left nation-building in the hands of the politicians," he told me. "In Africa, Latin America and Asia, in all three continents the majority of people live in the rural areas and are poor. We must identify with the poor people and with the aspirations of the poor man." Mr. Narayanan himself is not identified with Malaysia alone. Last year in Mexico he was chosen as the first President from the Third World of the 99th International Confederation of Free Trade Unions, which previously had been headed by union leaders from the white developed countries.

All along Mr. Narayanan has shunned politics and concentrated on economic matters. He is critical of trade unionists who dabble in politics and end up spending most of their time in politics and little on union business. In India, he says, "the politicians have divided the unions; here the unions have divided the politicians."

Nor does he think that the British pattern of trade unionism is good for developing countries, though he admires Mr. Jack Jones. In Asia the needs are different. Politicians are jealous of their power, most of the people are poor and the plantation worker who is a union member may have three brothers at home in the kampung who are not in the money economy at all," he says.

The need of the hour is to build bridges and to seek common efforts in the development battle.

Plantation workers are especially poor anyway even after the union has won price related bonuses, many of them are educated literally round the rubber tree, and their jobs are threatened by new technology and the swing from rubber to the more profitable and less labour intensive palm oil. The capitalist ventures are Mr. Narayanan's attempt to tackle the problem constructively.

K.R.

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Tun
Mustapha

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MALAYSIA XI

their roles

Ten Tan
Siew Sin

Tun Tan Siew Sin quit politics in frustration in 1974 after 15 years as Malaysia's Finance Minister and president of the Malaysian Chinese Association. He had been bypassed as Deputy Prime Minister. However, he has since re-emerged in business and is now tipped to become the chairman of Sime Darby.

As Financial Consultant to the Government, his words still command considerable respect. Tun Tan, 60, comes from one of Malaysia's oldest and most distinguished Chinese *clan* families (because of their long residence in Malaysia, the *hoboh*, unlike other Malaysian Chinese, have come to use the Malay language in their daily life).

After a short stint as Minister of Commerce and Industry, Tun Tan took over the Finance Ministry in 1959 and held it until 1974, sometimes criticized as being too conservative and orthodox in his budgetary and monetary policies, he nevertheless earned the respect of his Cabinet colleagues and business community for his skilled management of the economy. As Finance Minister, his biggest

W.S.

Bleak

decisions involved the severance of the financial and economic links between Malaysia and Singapore, which he said were inevitable because of political separation.

As a politician, he was less successful. He left the Chinese with a leadership vacuum when he quit politics and they also lost the Finance Ministry—the most important portfolio they had had all along.

The former MCA leader is pessimistic about the future of the Chinese in Malaysia. "The Chinese are too short-sighted," he says. "Many still have not realized that there is no future in the traditional family businesses. They are not interested in politics but politics is interested in them. Their future is bleak if they remain politically apathetic and disengaged."

W.S.

Datuks

Ten Chin

Nam

THE STORY OF DATUK TAN CHIN

NAM, 59, MALAYSIA'S BIGGEST

HOUSING DEVELOPER AND BUSINE

SS OWNER, IS A TYPICAL STORY OF A

CHINESE WHO HAD MADE GOOD

THROUGH sheer hard work, per-

severance and thrift. He was

born in Selangor in 1916, the

sixth child in a family of ten.

His father, a migrant from

China, was a fairly prosperous

rubber trader, but lost his for-

stump during the 1923 rubber

stamp.

The family then moved to a

small house and had to take in

school lodgers to make ends

meet. Datuk Tan's education

at the Victoria Institution, the

premier school in Kuala Lump

ur, was interrupted by a

war, and his family fled to

Klang 20 miles away, where

they cleared land and subsisted

on vegetable farming during the

Japanese occupation.

After the war, Datuk Tan

moved to Penang, where he

worked at various odd jobs ("I

worked 18 hours a day during

those years") until he was able

to save up Ringgit 3,000 to start

a business in 1947. His first

venture was in the import busi-

ness—supplying vegetables from

Johore to the British Army.

It prospered, and he branched

off to rice, sugar and flour distri-

bution, and later to housing.

He helped in setting up the

Bangkok Bank in Kuala Lumpur

in 1959.

He now runs three housing

companies—Ipoh Garden, Petaling

Garden and Negara Properti-

e—*the last one being a joint**venture with the Selangor State**Economic Corporation to build**9,000 houses outside Kuala**Lumpur.*

Datuk Tan, who is the presi-

dent of the Housing Developers

Association, admits that Mal-

aysia faces an enormous housing

problem. The solution, he says,

is for the Government to allow

for a higher housing density in

certain urban areas, and to open

up more land for housing. His

companies have partnered the

Government on a pilot project

to build low-cost houses, but

with the death of Tan Razak,

this partnership may come up

against bureaucratic hurdles.

Datuk Tan is well known in

Malaysian and Australian racing

circles, and is part-owner of the

horse Think Big, which won the

Melbourne Cup in 1973 and

1975. He is hoping for a hat-

trick this year.

W.S.

Ungku
Abdul Aziz

UNGKU ABDUL AZIZ, as vice-chancellor of the University of Malaya, has one of the country's touchiest jobs in administering the Government orders which last year disbanded all student organizations and stampeded on political activity and demonstrations in the universities.

He admits the present regime is "hard on students who have known the previous freedom" but believes the restrictions are being justified by results. "We find that students are studying more. The library was full in the dry term and it had never been full before. The results are better."

He stresses the problems of adjustment faced by many students from poor homes in outlying districts.

His own academic career is distinguished, with a string of

W.S.

Dr. Mahathir
Mohammed

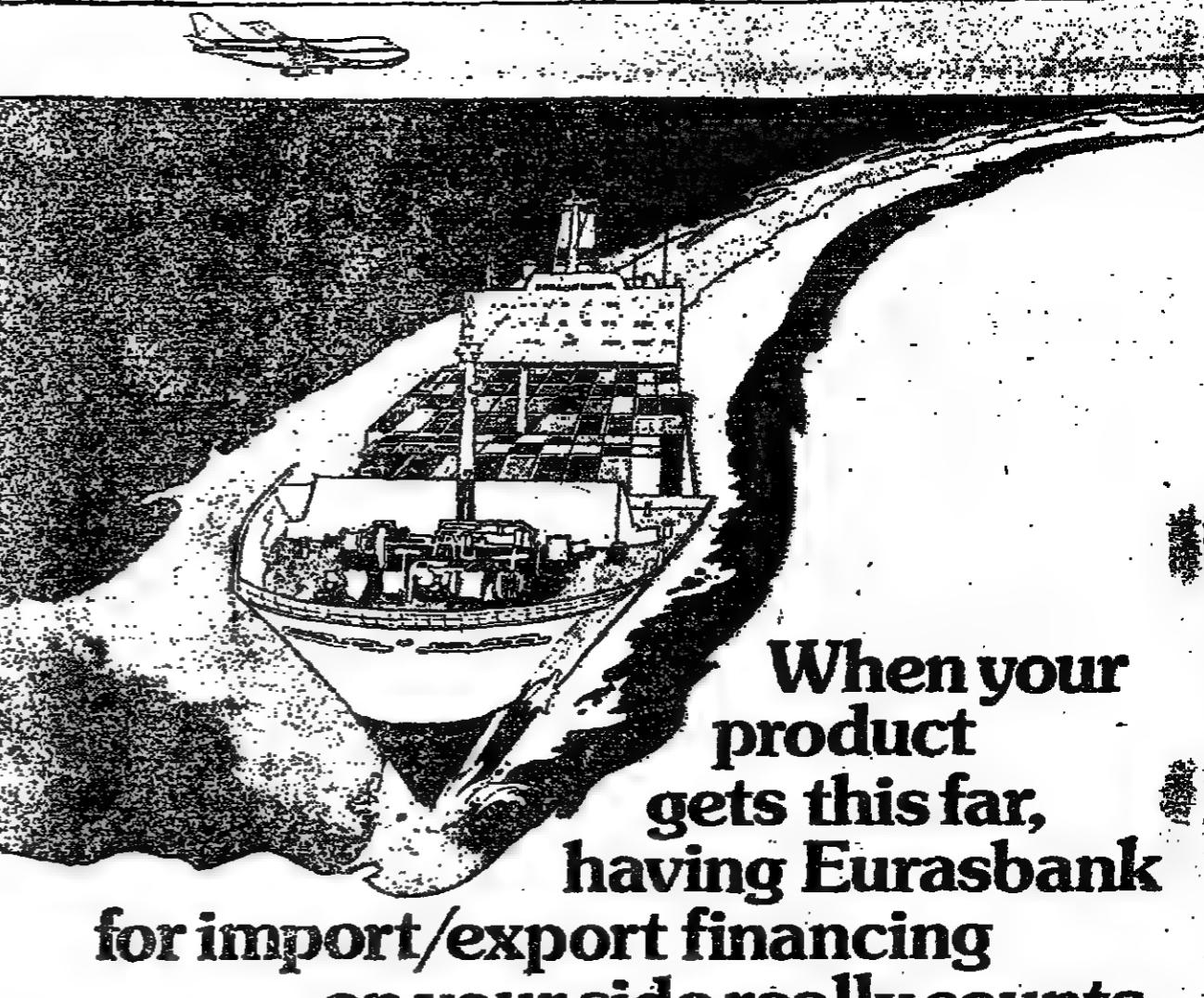
DR. MAHATHIR MOHAMMED, the Deputy Prime Minister of Malaysia, must be the only such berching leader in the world whose major book is banned in his own country. In 1968, the then Prime Minister Tun Abdul Rahman banned Dr. Mahathir's book, "The Malay Dilemma," from publication. It was racists and kicked out of the ruling UMNO party.

For his pains Dr. Mahathir spent three years in the wilderness before being readmitted to the party. But last year he was coming along back. There were audible steps of ascendancy when Prime Minister Dato Hussein Onn last month announced his choice of Dr. Mahathir as his deputy.

Choice
He was the most junior Cabinet Minister and had only been a Minister—of Law other than September 1974. He had stepped over Tan Sri Goh Keng Swee, the Home Minister, and the place he ought to have got. Dr. Mahathir's original idea was not an original idea either.

Dr. Mahathir, who is 50 years old, was born in the then Tenasserim, a part of Burma.

W.S.



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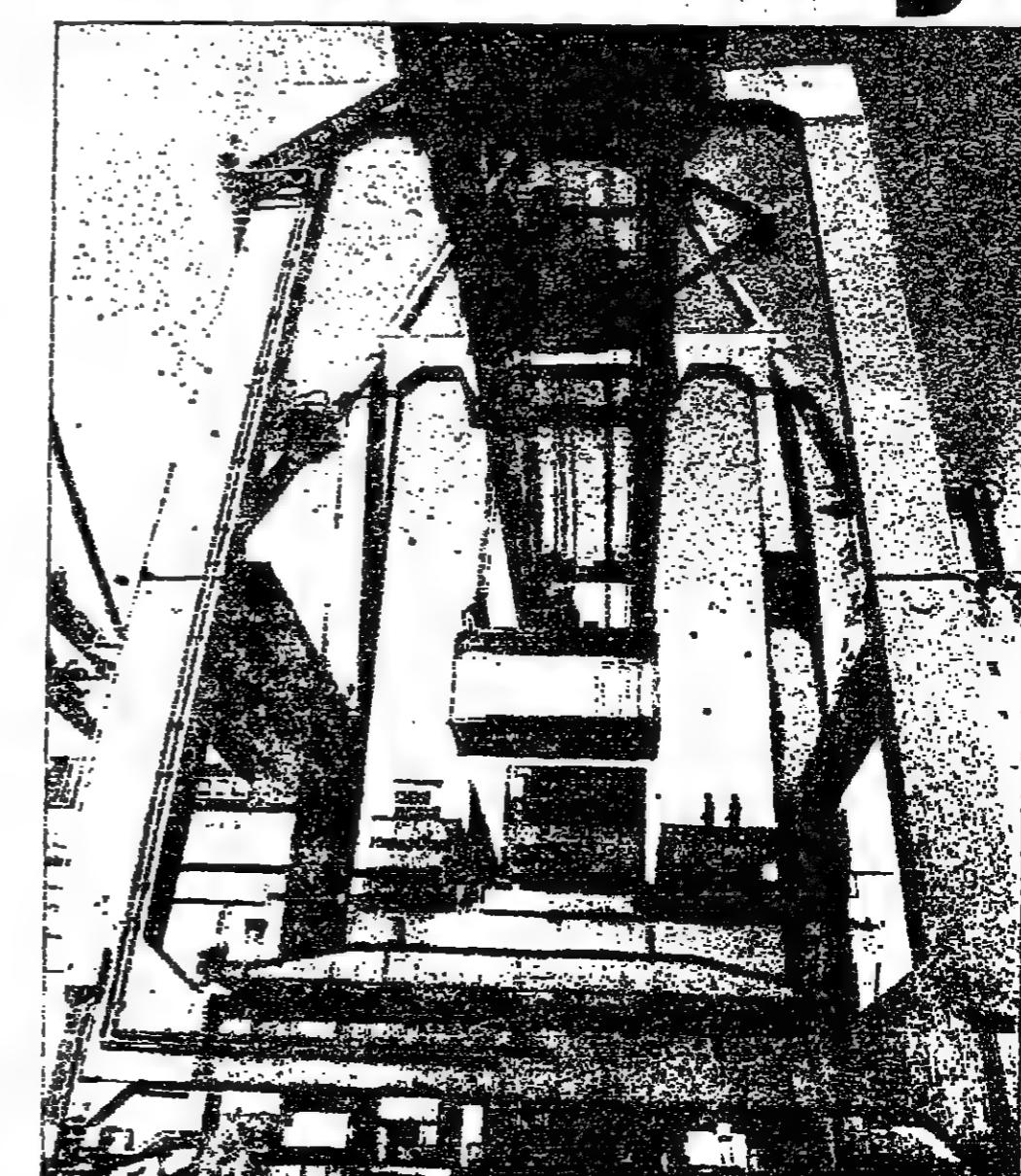
container stacking yard, ample container ship berths in 43 feet of water, 52,840 ton bulk liquid storage capacity, our own Container Freight Service section, 35-ton container cranes, reachers and a large fleet of straddle carriers.

We maintain our own labour and stevedoring workforce, Pilot service, Tug fleet, and a special-function Port Area Police.

Other Kelang Port Authority facilities include railway connections throughout Malaysia and to Singapore and Thailand.

Plans for LASH and ROLL-ON-ROLL-OFF equipment handling are already on the drawing board.

We welcome all enquiries.



A lift to efficiency.

JDA

What the West must tell Mr. Vorster

WESTERN PRINCIPLE in Britain's diplomatic role in Manchuria is of some importance. The area is of some importance. Decolonisation of Africa is markedly that the preoccupation of the West's own sake. This has little to do with whether our Presidential election in the with the results. Most of the themselves become peripheral. I believe that it is necessary to do with whether the U.S. is over it will be difficult newly independent countries. This is the lesson that has to give vigorous support to the ordinary African is not or not the case around the Cape forced upon the Americans by the condition of America and elsewhere who American reasons, as well as for the Soviet Navy. The really important matter at stake is one of political morality — and the fact that this has to be mentioned with a fumbling apology and a slight blush is in itself evidence of the fundamental weakness of the West in standing up to forces whose motive power is a burning ideology (or Czarist imperialism).

For Britain, America, and other Western countries will have to make several decisions about Southern Africa this year. Every one of them is likely to involve a moral even constitutional method dilemma. How much support shall be given to Mozambique? What must be done if there is a massacre of whites in Rhodesia? Should the first "Bantustan" — the Transkei — be recognised when South Africa proclaims it "independent"? What is to be said to Mr. Vorster, the South African Prime Minister, if he calls for support from the West against further armed insurrections by Cuban troops?

It is no use pretending that there is an easy answer to any of these questions; this is all the more reason why the British and U.S. Governments should begin to prepare public opinion for them now. Some will insist that Britain should have very little to say, since its power to act is minimal—but it still has a strong influence in parts of Africa and in the U.S., where Senators and State Department officials alike continue to listen hard to the British point of view on Southern Africa.

There is no reason why the was when the wicked colonialists were in control. General should be left in limbo for the Amin is apparently a blood-thirsty tyrant; there is no logic in South Africa residual ties of history, culture, trade, law, and administration.

Again, it was quite clearly wrong for the Cubans, supported by the Russians, to send troops to move down one faction of black nationalists in the hope that the winning faction would become clients of the Communists. Last Thursday's Security Council vote, which condemned South Africa's intervention but failed to mention Cuba's, was sadly hypocritical. Yet it would have been better for the long-term interests of the West if Europe of the U.S. had been able to support the nationalists in Angola and Mozambique 10 years ago; it is our present misfortune that neither could do so.

The explanation is that at that time Africa seemed peripheral: the strategic need to maintain bases on Portuguese territory appeared to be urgent. In those days, too, some Western governments saw immediate local issues like the maintenance of employment in munitions industries as of greater moment than the course of events in Southern Africa.

To-day South Africa and its neighbours are moving to the centre of the stage. What is to be said? The question must be faced — whose morality? done there will affect the poli-



Chief Gqoboka Buthelezi, the KwaZulu leader, with Mr. John Vorster, South Africa's Prime Minister. Chief Buthelezi spoke recently of "offering a black hand of friendship to the whites of South Africa — probably for the last time."

have not yet understood. Some, African ones. The strength of notably on the Tory back-liberal democracy — its absence bances, seem to see all black of ideology — is also its weakness.

governments as cast in the When Western Governments are mould of Amin. Other Conservative supporting, or not vigorously opposing certain Right-wing dictatorships they have been so shocked by Angolans that they seem to see all blacks as reds.

Yet the truth is that from the Western point of view there is one morality that can never be forgotten. We must support majority rule, which in practice means black government.

Where this is the object we must see it as such, even if such a guideline, which is after all such a strong revolutionary, is one by Russians or Cubans. This is that is easy to apply. The Com-

munist have a much easier said in an historic speech in advocate violence. It is entirely up to the Whites whether the revolution unfolding in South Africa will be peaceful or bloody, he said. He called for majority rule in peaceful or bloody, he said. This has been true of similar from anything quite so simple, black hand of friendship to the statements by African leaders in the Republic for half a century and more; the tragedy probably for the last time," he said.

The point is best explained by considering some of the questions we are likely to have to face this year. The United Nations has agreed that Mozambique shall be given economic support, and over the week-end Mr. David Ennals, Minister of State at the Foreign Office, was out there discussing the precise amount. The purpose is to help compensate for Mozambique's losses following the closure of its border with Rhodesia.

But what if there is a threat on its right? But the peaceful transfer of power — and, worse, what if it comes to be believed that this was made possible by Commonwealth/U.S. economic assistance? Surely our aim must be to prevent this from happening. The best course is to continue with pressure on Mr. Smith to step down. Since we know that he will probably refuse, the honest policy is to spell out in detail the Government's plans for rescuing Rhodesian whites, who fear what might happen under a black nationalist government.

The U.S. has hinted that white South Africans can still be led by global diplomacy. It does not mean that the White South Africans should be stripped of any illusion that at the end of the day the West will come to bring about a peaceful transition to majority rule. Next, should the Transkei be recognised in October? The answer is "surely not." For this is at the heart of the matter. The powerful Zulu leader, Chief Gqoboka Buthelezi,

signals from South Africa suggest that the most perspicuous of the Afrikaners is now coming to realise that there can be no peace in their country — until there is political accommodation with the blacks inside the Republic; that is why, in private, they are discussing forms of political expression for urban Africans, and the possibility of a future federation of southern African States as a long-term solution.

Last week's by-election result in Alberton, a white working-class constituency outside Johannesburg, showed that white South Africans can still be led by global diplomacy. It does not mean that the White South Africans should be stripped of any illusion that at the end of the day the West will come to bring about a peaceful transition to majority rule. Next, should the Transkei be recognised in October? The answer is "surely not." For this is at the heart of the matter. The powerful Zulu leader, Chief Gqoboka Buthelezi, Chief Buthelezi does not possibly do so.

Letters to the Editor

Servicing the National Debt

From The Hon. Sec. Economic Research Council.

Sir—It has been estimated that the painful economics in the field of public expenditure are likely to be wiped out by the estimated increase in the real burden of debt services. The White Paper on Public Expenditure comments—"The cost of servicing the debt has risen substantially and because of the cumulative effect of borrowing seems likely to continue to rise in the next few years."

In this connection, should we not look more closely at the different approach which prevails in regard to the issue of the two main forms of money, the note issue and the issue of credit. In the case of the former, issued by the Bank of England, profits accrue to the national Exchequer, thus providing an interest-free and debt free issue of money. On the other hand credit, borrowed from the banking system, is issued as a debt carrying interest at the prevailing rate.

As long ago as 1943, an article on "The Future of Banking" in *The Economist* stated "The only justification that can be advanced for charging anything like commercial rates on created credit lent to the Government is that banks incur costs in handling the deposits to which their loans give rise. But if depositors bore the cost of handling, this argument would disappear."

It is legitimate to ask whether, in the extent that credit is created by the banking system to lend to the Government, a payment for the service rendered would not be sounder and more equitable from the national viewpoint? When the Government requires new money to bridge the gap between receipts and expenditure there is, I suggest, no good reason why the nation should be required to pay vast sums in interest charges to the banking system for providing what is, in effect, a service. The same principle should apply to the creation of the nation's credit as applies to the note issue.

There is no doubt that the banking system provides an invaluable service for which they should be adequately reimbursed. Payment of interest is, in my view, unjustified. No question of savings arise, no one forgoes claims to wealth and in the true sense of the word, it is not a question of borrowing. The time has come for the Government to re-examine this question and to adopt a more realistic approach to the provision of finances for national purposes before it is drawn in a sea of unpayable debt.

Edward Holloway,
10, Upper Berkeley Street, W.1.

Waste paper and board

From Mr. C. Wilkins and Mr. D. Pearce.

Sir—in your feature on paper and board (March 28) there was an article on the threat to supplies of waste. This started by announcing the disappointment prevalent in the industry due to the Government's current attitude to a stock support scheme. We believe it is also worth recording that there is considerable interest in the waste paper trade that the Government is not going ahead with this scheme. People do not seem to be aware that last year the British Waste

paper association voted unanimously against Government support and, perhaps more importantly, there are considerable doubts about much of the reasoning behind a stock support scheme.

One of the major arguments is that forecasts of waste paper demand indicate that there will be shortages by the early 1980s. There appears, however, to be no logical reason to suppose that the rate of growth of waste paper consumption will be any faster in the next decade than it was in the past. Forecasts made by the European Commission suggest a slightly increased growth rate for 1973-80 compared to previous years, but the growth rate does not approach the 6.5 per cent annual growth implied by the 1.1m. tonnes annual shortage predicted by the Government in the first report of the Waste Management Advisory Council, and it is not difficult to show that this figure is entirely mythical.

In this country we have a

highly efficient merchanting system (in contrast to many other countries) and it seems safe to rely on the free market to recycle the pulp substitutes grades as they are required.

If, however, there is a sudden

excess demand for the low grades

at present used for board making, it will be heralded, either

there is a remarkable boom in

packaging, or because there is a significant new usage. Neither

of these are currently forecasted,

but, if they did happen, it is

worth remembering that, in 1974,

when the prices had risen dramati-

cally, the weekly collections of

around 5,000 tons per week,

over 1973; no one will dispute

that this demonstrates a mar-

ket's ability to meet reasonable

demands.

In 1974 it was the buoyant

demand on the Continent that

led to an export boom, and some

mill suppliers lost their nerve

and placed enormous import

orders. Subsequently, in the

third quarter of 1974 the U.K.

became a net importer of waste

paper.

One factor which may have

escaped the notice of those opti-

mists who believe that a re-

covery is certain to follow the

current recession and that we

only have to wait long enough

for things to get better, because

it has always happened so be-

fore, is this precise shift in the

allocation of resources. When

the economy was activated, by

political

means, boom tended to follow

By an interesting coincidence,

slump and vice versa through the same issue of your paper

the painful processes of market adjustment.

But when more than 60 per cent of the total activity of the national economy is completely operated by well-paid officials who are totally insulated from the stimuli of supply and demand, how are the necessary adjustments expected to take place? And if there is no automatic recovery but only deepening recession, with its concomitant internal and external deficits, what then?

Oliver Smedley, Nericode House, Wenders Ambro, Sofron Walden, Essex.

Politics of commodities

From Dr. Paul Rogers

Sir—in your issue of March 25 you include a report by David Fishlock on the recent Government discussion paper entitled "Future World Trends". This is welcomed by your correspondent as "a perfect example of the kind of work the Cabinet Office science secretary should be undertaking". If this is indeed so, then we are in some need of imperfect examples.

While we might agree with some of the conclusions reached in the study, there are others which display the very naivete which is normally the province of environmentalists. In particular, the paper criticises the simplistic view that we are running out of mineral resources, explaining that the limits to the use of such resources are economic and technological, many minerals being available in virtually inexhaustible amounts.

The basic error in this line of thinking is to ignore the increasing obvious fact that problems of mineral resource availability are now largely

political in nature, arising from the industrialisation of the world.

Paul Rogers, Dept. of Applied Chemical and Biological Sciences, The Polytechnic, Queen'sgate, Huddersfield.

Transport failures

From The Managing Director, Incurons.

Sir—in the past two or three years we have seen and suffered any number of transport firms specialising in the TIR trade to Europe go into liquidation, leaving debts running into thousands of pounds.

Many sides of the trade are hit; other transport firms accept sub-contracting work, leasing companies and steamship lines all suffer. The majority of these liquidations are unfortunate and are the result of the times in which we live. There are, however, also quite a few, where even before the ink is dry on the announcement, the workflow is already being handled by a new firm whose directors—some of whom are the same as the company going into liquidation.

Under our present laws it would seem possible for anyone to start companies, go into liquidation, start companies, etc. etc. In France, I believe, it is not possible for the Directorate of a company to start another when the first is in liquidation. Is it not time that similar restrictions were introduced here?

Derek W. Harbert, 29, Brookfield, Ilford Crescent, Coulsdon, Surrey.

E. P. Crowley, PO Box 4, St. Peter's Works, Newcastle upon Tyne.

From Mr. J. Stettaford, The South of Scotland Electricity Board tells us that copies of a digest of its feasibility study of the Preston district heating as the international distress

chamber will be available shortly. It can be obtained from its Public Relations Office, Cathcart, 248 Bushey Hill Lane, Glasgow.

Help!

From Mr. J. Stettaford

Sir—is there any significance

in the Government's choice of

May Day for a new public holi-

day, since this is also recognis-

ed as the International Distress

Chamber?

248 Bushey Hill Lane, North Westford, Herts.

To-day's Events

GENERAL

Third and final ballot for Labour Party leadership.

EEC Foreign Ministers and EEC Agriculture Ministers begin two-day meetings, Luxembourg.

Empress Farah of Iran begins visit to U.K. as guest of the Queen Mother and of British Government.

Duke of Kent, vice-chairman designate, British Overseas Trade Board, opens British Technology for Malaysia Exhibition, Kuala Lumpur.

House of Commons: Debate on fishing industry. Resumed debate on EEC documents on lead pollution.

House of Lords: Raising of Carew-Smyth Bill, consideration of the Welsh Assembly Bill.

Sir Lindsay Ring, Lord Mayor of

Companies (No. 2) Bill, committee.

COMPANY RESULTS

Fremants (London S.W.8) (full year).

Highland Distilleries (half-year).

Companies Registration Office begins move from London to Cardiff.

PARLIAMENTARY BUSINESS

House of Commons: Debate on fishing industry. Resumed debate on EEC documents on lead pollution.

Official Statistics

COMPANY NEWS + COMMENT

Charles Clifford recovery to £235,000

A TURNROUND from a 1974 loss of £186,000 to a taxable profit of £25,000 for 1975, has been achieved by Charles Clifford Industries, recently the subject of a bid approach. At half-year, profits were down from £265,000 to £22,000.

Mr. Eric Bulley, chairman, reports that the metal spraying division again achieved record figures and thus easily absorbed the trading loss (excluding metal profit) incurred by the wrought metals division which was reported in the interim statement but arrested in the second half.

The result was substantially contributed to by a movement to profitability under the metal price changes and exceptional items headings but, particularly towards the end of a year of mixed fortunes, there were "encouraging" trading trends emerging, he adds.

In the wrought metals division in order to help in a "most difficult situation" the board moved downwards voluntarily accepted a 10 per cent cut in salary for some months, says Mr. Bulley. By the end of the year this division was again trading profitably, a position which still obtains—business is gradually improving. Earnings per £1 ordinary share for the year are shown at 14.3p (loss 18.1p)—earnings excluding metal price changes, profits and tax thereon are 6.2p (loss 1.5p). However, in order to finance the expansion of the highly profitable metal spraying division and to complete modernisation of Dore Pool Mills, the final dividend is restricted to a same again 3p net per share, making with the reduced interim, a total of 3p against 7p.

	1973	1974
Sales	£1,072	£1,074
Wrought metals	5,711	5,234
Metal spraying	2,759	2,679
Total sales	8,270	7,913
Profit before tax	228	235
Tax	108	108
Net profit	120	120
Prof. dividends	7	7
Ordinary	113	113
Less. Tax credit	—	—

On the future, Mr. Bulley tells members that prospects for the metal spraying division are "bright" and the re-equipping of Dore Pool Mills will put the wrought metals division in a good position to take

INDEX TO COMPANY HIGHLIGHTS					
Company	Page	Col.	Company	Page	Col.
City Offices	26	6	Newey Group	26	4
Clifford (Charles)	26	1	News in brief	30	7
Early (Charles)	26	4	Oliver (G.)	26	3
F.T. Share Service	26	6	Park Place	26	7
G.K.N.	26	8	Ratcliffe (Great Bridge)	26	7
Lambert Howarth	30	7	Sungei Krian	30	8
Linread	30	7	Transatlantic Market	26	4
Mackay (Hugh)	26	5	Wimpey	26	2

full advantage of industrial recovery when it comes.

Receipt of the bid approach was announced on Thursday. No names have been mentioned, and shareholders were advised to take no action pending further details.

Comment

A 40 per cent improvement at pre-tax profit level from Charles Clifford's metal spraying division, together with a swing round to stock profits of £151,000, have compensated for the £229,000 drop into losses from wrought metals, and overall profits show a substantial recovery. However, the profits trend within the wrought division is one of caution. The company is operating in the black during the last quarter of 1975, after a year of losses. But the directors are well aware of the problems in both retail and manufacturing, says the chairman, Mr. I. D. Oliver.

Mr. Oliver emphasises that the opportunity to surpass the 1972 profit must, in these days of cost inflation, await a great extent to conditions of "real economic growth."

As reported on March 6 group pre-tax profit for 1975 was £473,739 (£405,585) and the dividend 1.83p (1.44p) net.

It is anticipated that six new branches will be opened before the autumn of this year and it is intended, subject to trading performance, to modernise some.

Fixed assets appeared at £2,34m (£2.23m). The directors consider that in aggregate the market value at end 1975 of land and buildings exceeded the increased book. On the basis of the last valuation completed at June 30, 1973, or of subsequent cost of additions, after allowing for disposals the excess over book

G. Oliver sales expansion

THE EARLY months of 1975 have shown a satisfactory level of turnover for George Oliver. For us, but the directors are well aware of the problems in both retail and manufacturing, says the chairman, Mr. I. D. Oliver.

Mr. Oliver emphasises that the opportunity to surpass the 1972 profit must, in these days of cost inflation, await a great extent to conditions of "real economic growth."

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Wimpey Saudi Arabia move

George Wimpey and Co. are continuing to take advantage of the increasing activities in the proposed expansion programmes in Saudi Arabia. Its wholly-owned subsidiary Wimpey Fabricators

An important announcement to our stockholders:



Copies of the 1975 Annual Report of Citicorp can now be obtained from:
Citibank N.A. 336 Strand,
London WC2R 1HB, between the hours
of 9.30 am and 4 pm Monday to Friday.
Postal applications should be
addressed for the attention of the
Librarian.



Citibank House, 336 Strand, London WC2R 1HB

Corncroft Limited

The fortieth Annual General Meeting was held on 2nd April in Coventry and the Chairman Mr. J. R. Mead, J.P., F.C.A. included the following remarks in his address to the shareholders:

"Pre-tax profits for the year ended 30th September, 1975 were £290,263 from turnover of £4,030,000. These figures compared with a pre-tax profit of £372,533 from turnover of £3,856,000 for the previous year. The decrease was mainly due to the effects of recessions in the motor and aircraft industries with some falling off in the sub-contract engineering divisions, particularly related to the telecommunications industry.

Activity in the pump and agricultural divisions was well maintained and sales of pumps in the horticultural ranges were particularly encouraging.

Export and overseas sales increased from £555,000 to £765,000 and the results achieved by the Dutch subsidiary were very satisfactory.

It continues to be difficult to forecast future results. Until December last business was not good, but since the beginning of the new year there has been some improvement in the order situation. Strenuous steps are being taken to find new outlets at home and abroad and to be prepared for an upsurge of business as conditions improve.

The final dividend of 1.82p per share, equivalent with tax credit to 2.8p, brings the total gross dividend for the year to an unchanged 4p per share."

DIVIDENDS ANNOUNCED

	Current	Corre-	Total	Total
	payment	spending	for	last
	div.	year	year	year
Chas. Clifford	3	1.46	July 1	1.25 1.77 1.66
Chas. Early	3	1.46	July 1	1.25 1.77 1.66

Dividends shown per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. f On capital

increased by rights and/or acquisition issues.

ment to net monetary assets or

a rate necessary to compensate liabilities.

Meeting, Durham, April 21, noon.

Chas. Early & Marriott profit fall

TAXABLE profits of Charles Early and Marriott (Witney) in the year to January 31, 1976, after being down from £194,204 to £179,023 at half-way.

A final dividend of 1.4586p per 10p Ordinary share lifts the net from £6,621 to 1.7738p—the gross equivalent is up from 25.324 per cent to 27.288 per cent.

Proposed final 1.824p.

Home turnover £1,121,441

Exports 1,011,464

Total turnover 4,811,255

Profit 1.25

U.K. 1.25

Net profit 1.25

Prov. dividends 1.25

Ordinary 1.25

Proposed final 1.25

Home turnover £1,121,441

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INTERNATIONAL COMPANY NEWS + EURO MARKETS

The pace quickens

BY MARY CAMPBELL

AFTER relatively few new issue announcements recently, the pace quickened last week. The terms of two issues which closed — Alcan and Manitoba — were changed in the favour of the borrower and this encouraged further issues.

On Thursday, Long Term Credit Bank of Japan announced a \$25m. five year issue via First

Boston (Europe), with an indicated coupon of 8% per cent., the \$20m. seven year issue via Smith Barney, indicated coupon 8% per cent.

These two were followed on

Friday by three further issues. Harvesters of Canada is raising \$25m. in ten year bonds via Morgan Stanley International with an indicated coupon of 8% per cent.; Industrial Acceptance Corporation of Canada is raising of anything British among Can.\$30m. for seven years via Wood Gundy, indicated coupon 8% per cent.; and Royal Bank of Scotland is raising \$25m. in a \$10m. five-year loan with a spread of 1% over the market rate via Schroder, Waugh, the source say. The borrower would usual 1% per cent. spread and a 1% margin of the Auschenseehank and the lead manager, Bank of America. A \$120m. five-year loan soon is a \$25m. 8% per cent. seven for the Bulgarian Foreign Trade Bank, for which Bank of Industries Siderurgiques via America was also lead manager, Société Générale.

Also expected in the market soon is a \$25m. 8% per cent. seven year issue for Groupement des Industries via Friday.

Caution at Grace

BY JAMES FORTH

GRACE BROS HOLDINGS, the major retailer and removals group, listed earnings 24 per cent. from \$44.6m. to \$54.5m. The company's working capital in the January half year. The has been improved with the interim dividend is held at 3.75 84m. One is a \$45m. loan from the Australia and New Zealand Bank carrying a 12 per cent. rate and repayable in two equal instalments in January 1980 and 1981.

Despite the improvement the Board said that the period was difficult and lack of confidence by the buying public was having its effect on retail sales. Grace had

overcome its problems with a combination of growth consolidation, improved productivity and cost reduction measures.

The Board warned that it is a ten year loan, with an interest rate of 13 per cent. for

upturn in the latter half of 1978 subject to negotiation.

Weston dividend lift

BY JAMES FORTH

GEORGE WESTON Foods, the attribute of greater operating efficiencies, reduced staff turnover and a more prompt and realistic approach by the Prices Justification Tribunal to the effect of constantly increasing prices.

Earnings for the 13 months to January 31, were the dividend increased from 5 84m.—easily a record—compared with \$4.82m. in the 12 rose by 1.8 per cent. to \$4.23m. Gross profit margin was 5.7 per cent. compared with 2.1 per cent. in 1974 and 4.5 per cent. in 1973.

Weston has also revalued land and buildings which resulted in an increase of \$23.2m. in and \$4.2m. The directors property valued.

SYDNEY, April 4.

and it was now apparent recovery was likely to be much slower than hoped. The company's working capital in the January half year. The has been improved with the negotiation of two loans totalling \$45m. One is a \$45m. loan from the Australia and New Zealand Bank carrying a 12 per cent. rate and repayable in two equal instalments in January 1980 and 1981.

The other, of \$45m. was from a consortium of companies in the life office group, the Australian Mutual Provident Society.

The Board warned that it is a ten year loan, with an interest rate of 13 per cent. for the first three years, and then upturn in the latter half of 1978 subject to negotiation.

Indices

NEW YORK—DOW JONES

	1976 Since comp'd/b/c									
	April	April	Mar.	Mar.	Mar.	Mar.	High	Low	High	Low
	1	1	20	20	20	20	20	20	20	20
Industrials	391.60	384.00	382.15	387.40	388.45	388.45	388.71	385.78	391.22	384.00
Home Bonds	72.82	72.82	72.82	72.82	72.82	72.82	72.82	72.82	72.82	72.82
Transports	200.38	200.38	207.87	207.84	208.47	208.47	211.00	205.80	212.28	200.38
Utilities	87.10	87.10	87.05	87.14	87.44	87.44	87.50	86.84	88.22	86.50
Total vol. 000's	17,220	17,710	17,820	17,930	18,100	18,100	18,100	17,930	18,200	17,220
Ind. div. yield %	8.65	8.76	8.74	8.74	8.74	8.74	8.74	8.74	8.74	8.74
Mar. 28	Mar. 28	Mar. 28	Mar. 28	Mar. 28	Mar. 28	Mar. 28	Mar. 28	Mar. 28	Mar. 28	Mar. 28
Ind. div. yield %	8.65	8.76	8.74	8.74	8.74	8.74	8.74	8.74	8.74	8.74

STANDARD AND POORS

	1976 Since comp'd/b/c									
	April	April	Mar.	Mar.	Mar.	Mar.	High	Low	High	Low
	2	1	31	30	30	30	30	30	30	30
Industrials	101.65	101.65	101.65	101.65	101.65	101.65	101.65	101.65	101.65	101.65
Utilities	102.35	102.35	102.35	102.41	102.45	102.45	102.45	102.45	102.45	102.45
April 1	Mar. 24	Mar. 17								
Ind. div. yield %	8.25	8.25	8.68	8.68	8.68	8.68	8.68	8.68	8.68	8.68
Ind. P/B Ratio	15.93	14.04	13.66	13.66	8.40	8.40	8.40	8.40	8.40	8.40
Long Govt. Bond yield	5.55	5.67	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75

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FT Monthly Survey of Business Opinion

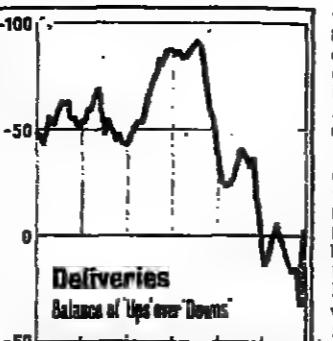
GENERAL OUTLOOK

Revival in confidence continues

THE REVIVAL in confidence about the state of the economy and prospects for individual companies which was so apparent last month has been given further weight by the latest survey. The all-industry indicator shows that over half the companies are now more optimistic than four months ago and under a tenth less optimistic.

Although the index is still at the highest level since summer 1973, it has slipped back fractionally during the last month. This is because of continued caution in the textiles and clothing sector where companies see little change in the U.K. but are more hopeful about an upturn overseas.

The other two sectors interviewed—construction and building, and textiles and clothing—the construction and building sector is less optimistic than it was in December.



was in November which reflected the poor prospects seen for industrial and public sector work, especially after the recent Public Expenditure White Paper. And this has offset the continued optimism about housebuilding.

The latest survey does however, confirm recent bullish reports about export prospects. All three sectors are more inclined to be optimistic than last November with building organisations, for example, mentioning Middle East work, and the fall in the value of sterling being cited by respondents in all areas.

The result is that the rise in the overall indicator of export prospects has accelerated with 85 per cent. of all respondents expecting higher exports over the next 12 months compared with

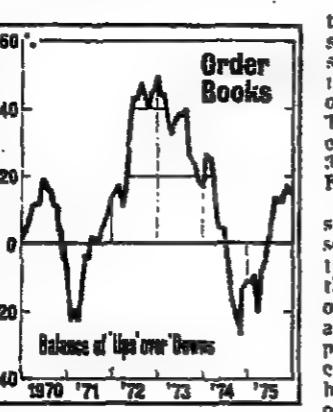
about the overall situation, though to a lesser degree than the all-industry total. Indeed, the construction and building sector is less optimistic than it was in December.

ORDERS AND OUTPUT

More optimism on new orders

A MORE optimistic view is being taken all round on the trend in new orders and in future turnover. The four month moving total now shows that 28 per cent. of respondents report a rise in the trend of new orders over the period compared with 16 per cent. at the time of the January survey. But two-fifths of all the all-industry sample have still experienced a declining trend in new orders in the past four months.

The improvement in orders has also begun to show through in the trend of deliveries with a net balance of the all-industry sample reporting a rise over the past four months with a par-



ticularly large increase for construction and building. All three sectors this month are also more inclined to expect an increase in output over the next 12 months. The index for the median expected rise has climbed from 3 per cent. to 4.2 per cent. since February.

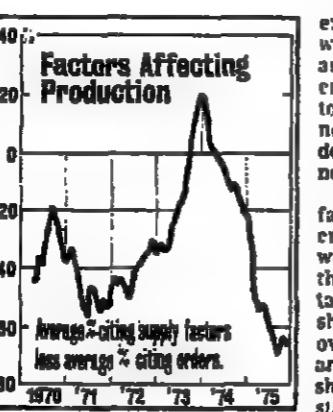
The construction and building sector is again optimistic on this score, reflecting in part the upturn in private housebuilding, though the wide variations in ordering experience within this area are also shown by the proportion of respondents (14 per cent.) expecting a decline of between 5 to 8 per cent. in turnover over the next year.

CAPACITY AND STOCKS

Output levels increase

CONFIRMATION of a definite change of trend over the last few months is contained in the indicators of capacity working, production factors and stocks. Thus, the percentage of companies working at or above planned output levels among the three sectors covered this month has increased since last November, although still less than a tenth of the all-industry sample are working above target capacity (notably in the construction sector).

The beginnings of the upturn are also shown by the continued rise in the number of companies



expecting all types of stock-work in progress, raw materials and manufactured goods—to increase. This applies particularly to the first two categories, with nearly a half of all the respondents expecting a rise over the next 12 months.

The influence of demand factors on production has increased slightly, though a slightly worrying feature at this stage of the cycle is the increased percentage of respondents mentioning shortages of executive staff, while over a fifth of the construction and building companies cited staff and manual labour.

CAPACITY WORKING

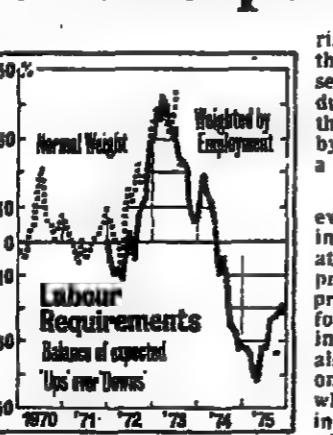
	4 monthly moving total March 1976					
	Dec-Mar.	Nov-Feb.	Oct-Jan.	Sept-Dec.	Oct-Dec.	Food & Textiles & Clothing
Above target capacity	9	7	6	5	22	4
Planned output	43	38	32	44	31	71
Below target capacity	47	54	58	47	47	25
No answer	1	1	4	4	—	12

INVESTMENT AND LABOUR

No impact on manpower needs

THE BEGINNINGS of a general economic recovery have yet to make any impact on manpower needs. Indeed, after a tendency for the net deficit between "ups" and "downs" to improve over the last six months, there has been a slight deterioration in the four monthly moving total in March. A fall in the labour force over the next year, and only a fifth a rise in numbers employed.

However, among the three sectors covered this month a striking feature is that building and construction is more inclined in to expect an increase in its labour force than last November with a clear net balance envisaging a



rise. This presumably reflects the upturn in the housebuilding sector. In contrast, the possibly duller immediate prospects in the other two sectors are shown by the fact that they both expect a fall.

A more optimistic view, however, is being taken on capital investment and this indicator is at its highest level for 18 months, principally because of the high proportion (34 per cent.) in the food and tobacco sector expecting a rise not only in value but also in volume. Overall, it is still only a minority of companies which are predicting an increase in spending in real terms after adjusting for inflation.

COSTS AND PROFIT MARGINS

Deceleration in unit costs rise

INDUSTRY CONTINUES to be a similar trend is indicated by generally more optimistic about the recently published official wage and earnings figures.

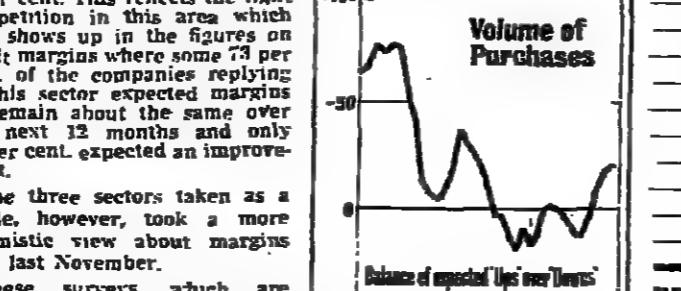
The price picture is similarly encouraging with the median expected rate edging down from 13.2 to 12.1 per cent. A feature is the large proportion of respondents (62 per cent.) in the textiles and clothing sector who expect a rise of between 5 and 9 per cent. This reflects the tight competition in this area which also shows up in the figures on profit margins where some 73 per cent. of the companies replying in this sector expected margins to remain about the same over the next 12 months and only 15 per cent. expected an improvement.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives about their companies' situation and prospects.

The three sectors taken as a whole, however, took a more optimistic view about margins than last November.

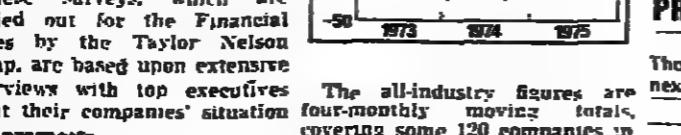
These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives about their companies' situation and prospects.

The all-industry figures are four-monthly moving totals, covering some 120 companies in 11 industry groups (mechanical engineering is surveyed every second month).



all three sectors are more inclined to report a deceleration than last November. The trend is more marked than with wages.

Three industries and some 30 companies are covered in turn



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GENERAL BUSINESS SITUATION

4 monthly moving total March 1976

Are you more or less optimistic about your company's prospects than you were four months ago?		Dec.	Nov.	Oct.	Sept.	Oct.-Dec.	Food & Textiles & Clothing	March 1976
		Mar.	Feb.	Jan.	Dec.	& Bldg. Tobacco	Clothing	
More optimistic	%	%	%	%	%	%	%	%
51	52	41	36	42	42	42	4	4
Neutral	40	40	47	45	36	58	31	15
Less optimistic	9	8	12	19	22	—	—	—

EXPORT PROSPECTS (Weighted by experts)

4 monthly moving total March 1976

Over the next 12 months exports will be:		Dec.	Nov.	Oct.	Sept.	Oct.-Dec.	Food & Textiles & Clothing	March 1976
		Mar.	Feb.	Jan.	Dec.	%	%	
Higher	85	77	72	69	79	88	93	93
Same	12	13	11	10	15	—	7	7
Lower	3	9	14	17	6	12	—	—
Don't know	—	1	3	4	—	—	—	—

NEW ORDERS

4 monthly moving total March 1976

The trend of new orders in the last four months is:		Dec.	Nov.	Oct.	Sept.	Oct.-Dec.	Food & Textiles & Clothing	March 1976
		Mar.	Feb.	Jan.	Dec.	%	%	
Up	28	19	16	20	38	54	15	15
Same	21	28	16	15	25	17	12	12
Down	40	48	56	55	37	4	73	73
No answer	11	13	12	10	—	25	—	—

PRODUCTION/SALES TURNOVER

4 monthly moving total March 1976

Those expecting production/sales turnover in the next 12 months to:		Dec.	Nov.	Oct.	Sept.	Oct.-Dec.	Food & Textiles & Clothing	March 1976
		Mar.	Feb.	Jan.	Dec.	%	%	
Rise over 20%	2	2	1	1	1	2	—	—
Rise 15-19%	1	1	1	1	1	—	—	—
Rise 10-14%	15	12	5	2	18	8	—	—
Rise								

"WE APPROACH OUR HALF CENTURY WITH IMPRESSIVE RESOURCES... A STRONG BRITISH BASE AND A GLOBAL SPREAD OF BUSINESS"

Mr Rowland Wright, Chairman of ICI



ing stockholders at the 49th Annual General Meeting of Imperial Industries Limited, held in London on April 2nd, the Chairman, Rowland Wright, said:

"Meeting takes place in our fiftieth year, ICI having been incorporated December 1926. Some of our stockholders have held their stake in the company ever since that date, and have seen for themselves how ICI has grown in strength and stature to become one of the world's principal chemical companies. We approach our first half-century with impressive resources. While we have established a strong British base, we have developed a broad and well-balanced range of products, backed by advanced technology."

Relations
"To work for us, I am happy to say, is evidence that industrial relations have been one long story of militancy and standing. In the normal way, the company has many opportunities to meet people face to face and to hear their views but, in addition over the past year, I made a special effort to discuss informally with groups of employees - at all levels - a range of topics affecting them and our business. These were frank and stimulating discussions which took place at many of our meetings, both at home and abroad, and led me in talking with and listening to thousands of our people. I found courage in their attitude and in the well-being of ICI."

Year
"This helped us to come through 1975 successfully. Let me remind you that it was not an easy year. I do not think we realise that by the second quarter, chemical production had fallen by no less than 15 per cent in the course of just over a year - a contrast to the growth, averaging 5 per cent, that we had learnt to expect every year. In the first half of 1975 the three great trading areas - United States and Japan - actually chemicals were particularly hard hit. There was some recovery in the latter part of the year, world output of chemicals as a whole was 9 per cent lower than in the United Kingdom where we were in one of the highest inflation rates in any country. It was only in the last month of the year that the gloom began to lift."

"We did well to achieve a 5 per cent increase in the value of our sales, with the increase being more than offset by price increases. However, these price increases were not over the very large rise in our costs, before taxation and grants fell by more than £327 million. After the excellent year 1974 this was a setback, but it was a setback that was far less severe than profit falls suffered in parts of the world chemical industry. It reflected a degree of resilience which I believe, for the soundness of our

balanced product range could have been more easily absorbed. As it was, although various downturns in fibres, plastics and petrochemicals and other chemicals, the effect of that was lessened somewhat in some basic inorganic fertilisers, crop protection products and pharmaceuticals. This is not to say that we

can flow. This simple fact needs to be widely understood and for this reason we have presented in the Annual Report a statement of the year's results in terms of value added. This shows that the total wealth created by ICI in 1975 approached £1.3 thousand million. What happened to this very large sum? More than half was paid out in employee benefits, mainly in wages and salaries. A fifth was needed to cover our tax bills and to remunerate the providers of capital - ourselves, the ordinary stockholders; our loan and preference stockholders; and minority shareholders in subsidiaries. The remainder - some £300 million - was retained for reinvestment in the business, supplying about three-quarters of the money required for new fixed assets, additional working capital and new investments. The balance came from additional borrowings, principally to finance overseas projects. May I say in passing that we were particularly pleased with the success of our \$100 million public borrowing in the United States. As part of that operation, America's two foremost rating agencies made a very thorough examination of ICI's performance and prospects, and we became the first non-US industrial company to be awarded the top rating, triple-A."

Capital Expenditure

"We maintained our capital programme throughout 1975, despite the recession. Total expenditure on fixed assets and increased working capital came to more than £400 million, and we sanctioned another £390 million - well over half of it for plants in the United Kingdom. In 1976 we expect to maintain broadly the same levels, with sanctioning at some £360 million and expenditure at more than £400 million; in addition, we expect to spend over £80 million on the Nini oilfield."

The Group in 1975 (1974 figures in brackets)

	£ million
Sales	3,099 (2,955)
Profit before tax	327 (455)
Exports from the UK (f.o.b. value)	586 (636)
Assets employed	2,748 (2,412)
Expenditure on fixed assets (new plant)	332 (199)

"This is a large programme: even when inflation of costs has been allowed for, this year's expenditure will show an increase on last year's in real terms. But we are confident that it should be undertaken. Our confidence springs from our past performance and from our present determination to regain the level of profitability we achieved in 1974. The Group return on assets in 1975, less than 15 per cent, was far from satisfactory, and we must look for a return much higher than this if we are to sustain our growth in real terms."

Impact of Inflation

"To achieve this, the first requirement will be to remain competitive. As an international company, we compete against similar companies in the world chemical market, and for too long we have had to do so while suffering, in Britain, one of the world's highest inflation rates - currently double that of West Germany, for example. The impact of inflation is a familiar story to every household in this land, but let me pick out one fact that may be less familiar to you. Since 1970, the cost of constructing chemical plants has more than doubled, and in 1975 it was 28 per cent higher than in the previous year. Inflation also brings with it an increased demand for extra working capital. We shall need £200 million more this year than in 1975, which means that much less will be available for new fixed assets."

"Inflation can also mislead us about how well we are doing. You will see in our Accounts an inflation-adjusted statement. It is based on

Current Purchasing Power but would not be significantly different, we believe, if computed on the Current Cost Accounting method which was recommended by the Sandlands Committee, and which we expect to adopt. These figures contain a message that cannot be ignored. Nothing is more vital and urgent for Britain today than a drastic reduction in the rate of inflation, and we strongly support the Government's efforts to achieve this."

Open Consultation

"Our competitiveness also depends on our own efforts to improve the effectiveness of the business in every aspect, from research to plant utilisation, from marketing to energy usage. As part of this process, we have been continuing, particularly in the United Kingdom, to look closely at the value of products produced and sold per person employed. This is still significantly lower than the figures achieved by our chief overseas competitors; higher output per person employed is one of our top priorities and must be a subject of continuing discussion with our employees. We believe that decisions affecting the future of those who work for us should be made on the basis of facts openly displayed and openly discussed with them, and in ICI we have the machinery for doing this. Our consultation processes have been evolved over the course of fifty years and from the outset they have involved all levels, including the ICI Board. We are constantly seeking to improve and extend them in response to changes in our industrial society and, by building on a well-established base, to ensure that whatever arrangements we arrive at have two great merits: they are realistic, and they are practical. There is a saying that an ounce of practice is worth a ton of theory, and I think this should be borne strongly in mind wherever there is a tendency to talk in theoretical terms about what has come to be called industrial democracy."

Management Team
"1975 proved to be a particularly demanding year for all our employees world-wide, and it is reassuring that during such a difficult period industrial relations throughout the Group remained generally good. I would, however, like to make special mention of our management team in the United Kingdom. They, like their colleagues overseas, have had to face successfully the twin problems of recession and inflation, but at the same time have seen their living standards fall disproportionately to that of other employees: comparisons with their counterparts overseas only add to this unfavourable outlook. It is a prime concern of your Board that, if our Company is to be led in the dedicated way we need and expect, our managers should feel that their efforts are appreciated and recognised."

Prospects for 1976
"I have given you a brief review of ICI in 1975 - a year of difficulties and disappointments, undoubtedly, but also a year in which our strengths were fully tested and not found wanting. Let me now give you some indication of how we see 1976."

"The marked improvement in the volume of sales, partly due to the effect of restocking, which we saw in the last quarter of 1975 has continued. So far this year, sales outside the United Kingdom, including exports, have been running at distinctly higher levels compared with the same period last year. In Continental Europe recovery is continuing and, from many of our other overseas interests there is confirmation that the world economy has passed the trough of the recession, with expectations of growth for the remainder of the year. Forecasts for world chemical production indicate output levels about 11 per cent higher than in 1975, but our own assessment of the United Kingdom's chemical production suggests a very much lower level than this. The eventual outcome for the year will,

therefore, be heavily dependent on our overseas performance."

"All this gives grounds for moderate optimism, but I have also to sound a note of caution. Firstly, it will be in the national interest for Government to restrain United Kingdom demand. Secondly, the falling value of sterling, whilst assisting exports, will add to our bill for imported raw materials and intermediates; and even without the sterling factor we face still escalating prices for naphtha - the oil fraction which is the key raw material for petrochemicals, plastics, fibres, and many other products. Finally, we must press for higher selling prices if we are to recover these higher costs and, in conjunction with our drive for improved operating efficiency, achieve the improvement in profits to which I have already referred."

"Much will depend on the success of the Government's anti-inflation strategy: there is a long way to go and I firmly add my voice to those who say, as I believe the vast majority of people in Britain now do, that this is our highest national priority. We also look to Government for a strong lead in fostering a healthy economy by allowing industry the freedom to operate successfully and profitably."

"A strong line on inflation, a climate in which industry can grow and prosper: we can justifiably look to Government for these. What no-one should expect, from any government, is the creation out of thin air of the money to make reality of expectations. There are plenty of expectations, and very laudable ones; we all want to see an end to unemployment, poverty and hardship, we all want to see new homes, hospitals and schools built, better provision made for old age and infirmity. There is no lack of hope and compassion in our society, but I only wish that it was accompanied by a more widespread recognition that higher standards of living must come from the wealth created in the country's factories, workshops and laboratories. Those of us who work in industry have a job that becomes increasingly more difficult and complex. If we sometimes complain, it is because we hear so much criticism, much of it ill-informed, about industry and so little about the indispensable role it plays."

Directorate
"There are a few items concerning the Board which I must bring to your attention. Let me say first how deeply shocked we were by the death in January of Sir Ronald Edwards. He had been a non-executive Director since 1969, and we valued him both as a friend and a colleague; he is greatly missed."

"Three new Directors have been appointed since our last Meeting. Mr A. A. Jarratt, Chairman and Chief Executive of Reed International Limited, joined us in September as a non-executive Director. Mr F. J. K. Hillebrandt, the Company's Treasurer, and Mr J. R. Ibbetson, General Manager responsible for planning, were appointed as executive Directors a month ago. Earlier this week, we lost on their retirement the services of Mr Frost, our Finance Director, and Mr Townsend, who has been particularly concerned with our business in Continental Europe. Both have rendered long and valuable service as executive Directors."

Tribute to Employees
"Lastly, I know you will want to join me in thanking our employees all over the world for their efforts over the past year. Recession and inflation put heavy demands on them, but in their response to these demands they showed, yet again, that ICI's people are its greatest strength."

ICI
Imperial Chemical Industries Limited

Despite the recession, ICI maintained its investment programme throughout 1975, spending over £400 million on new plant and working capital. One of the largest UK projects is the 500,000 ton a year ethylene plant now being built at Teesside. The plant will be jointly owned by ICI and BP Chemicals, and is due for completion next year.

